

105th Congress (1997-1998)

Veto Threats of Legislation in House of Representatives

H.R. 1 – Working Families Flexibility Act of 1997 [March 19, 1997]

H.R. 2 – Housing Opportunity and Responsibility Act of 1997 [April 30, 1997]

H.R. 3 – Juvenile Crime Control Act of 1997 [May 7, 1997]

H.J.Res. 58 – Disapproving the President's Certification that Mexico has Fully Cooperated with U.S. Anti-Drug Efforts [March 13, 1997]

H.J.Res. 62 – Constitutional Amendment Requiring Two-Thirds Votes on Certain Tax Measures [April 15, 1997]

H.R. 400 – 21st Century Patent System Improvement Act [April 15, 1997]

H.R. 478 – Flood Prevention and Family Protection Act of 1997 [May 2, 1997]

H.R. 748 – Prohibition on Financial Transactions with Countries Supporting Terrorism Act [July 8, 1997]

H.R. 757 – American Samoa Development Act of 1997 [April 9, 1997]

H.R. 765 – Shackleford Banks Wild Horse Protection Act [July 14, 1997]

H.R. 838 – To Require the Adoption of a Management Plan for Hells Canyon National Recreation Area [November 7, 1997]

H.R. 901 – American Land Sovereignty Protection Act of 1996 [September 23, 1997]

H.R. 911 – Volunteer Protection Act of 1997 [May 21, 1997]

H.R. 929 – Partial-Birth Abortion Ban Act of 1997 [March 19, 1997]

H.R. 930 – Travel and Transportation Reform Act [April 15, 1997]

H.R. 976 – Mississippi Sioux Tribes Judgment Fund Distribution Act of 1997 [September 8, 1997]

H.R. 967 – Prohibition of U.S. Funds for Certain Chinese Officials' Travel [November 4, 1997]

H.R. 1090 – Revision of Decisions Based on Clear and Unmistakable Error [April 15, 1997]

H.R. 1119 – National Defense Authorization Act for Fiscal Year 1998 [June 19, 1997]

H.R. 1122 – Partial-Birth Abortion Ban Act of 1997 [March 20, 1997]

H.R. 1122 – Partial-Birth Abortion Ban Act of 1997 [May 14, 1997] *

H.R. 1127 – National Monument Fairness Act of 1997 [September 30, 1997]

H.R. 1270 – Nuclear Waste Policy Act of 1997 [October 24, 1997]

H.R. 1274 – National Institute of Standards and Technology Authorization Act of 1997 [April 23, 1997]

H.R. 1275 – Civilian Space Authorization Act [April 23, 1997]

H.R. 1276 – Environmental Research, Development, and Demonstration Authorization Act of 1997 [April 23, 1997]

H.R. 1342 – To Provide for a One-Year Enrollment in the Conservation Reserve Program [April 29, 1997]

H.R. 1377 – Savings Are Vital to Everyone's Retirement Act of 1997 [May 21, 1997]

H.R. 1469 – Making Emergency Supplemental Appropriations For Recovery From Natural Disasters, And For Overseas Peacekeeping Efforts, Including Those In Bosnia [May 15, 1997]

H.R. 1469 – Making Emergency Supplemental Appropriations For Recovery From Natural Disasters, And For Overseas Peacekeeping Efforts, Including Those In Bosnia, for the Fiscal Year Ending September 30, 1997, And For Other Purposes [May 13, 1997]

H.R. 1486 – Foreign Policy Reform Act [June 2, 1997]

H.R. 1493 – Criminal Alien Identification [November 4, 1997]

H.R. 1534 – Private Property Rights Implementation Act of 1997 [October 21, 1997]

H.R. 1702 – Commercial Space Act of 1997 [November 4, 1997]

H.R. 1757 – Foreign Relations Authorization Act, Fiscal Years 1998 and 1999 [June 4, 1997]

H.R. 1775 – Intelligence Authorization Act for Fiscal Year 1998 [July 9, 1997]

H.R. 1842 – To Terminate Further Development and Implementation of the American Heritage Rivers Initiative [November 7, 1997]

H.R. 1853 – Carl D. Perkins Vocational-Technical Education Act Amendments of 1997 [July 17, 1997]

H.R. 1903 – Computer Security Enhancement Act [September 15, 1997]

H.R. 2003 – Budget Enforcement Act of 1997 [July 23, 1997]

H.R. 2007 – Canadian River Reclamation Project [September 29, 1997]

H.R. 2016 – Military Construction Appropriations Bill, FY 1998 [July 8, 1997]

H.R. 2016 – Military Construction Appropriations Bill, FY 1998 [July 22, 1997]

H.R. 2027 – Canadian Border Boat Landing Permits [September 23, 1997]

H.R. 2107 – Department of the Interior and Related Agencies Appropriations Bill, FY 1998 [July 9, 1997]

H.R. 2107 – Department of the Interior and Related Agencies Appropriations Bill, FY 1998 [July 10, 1997]

H.R. 2107 – Department of the Interior and Related Agencies Appropriations Bill, FY 1998 [September 11, 1997] *

H.R. 2158 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1998 [July 14, 1997]

H.R. 2158 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1998 [July 15, 1997]

H.R. 2159 – Foreign Operations, Export Financing, And Related Operations Appropriations Bill, FY 1998 [July 15, 1997]

H.R. 2159 – Foreign Operations, Export Financing, And Related Operations Appropriations Bill, FY 1998 [July 23, 1997]

H.R. 2160 – Agriculture, Rural Development, Food And Drug Administration, And Related Agencies Appropriations Bill, FY 1998 [July 16, 1997]

H.R. 2169 – Department of Transportation and Related Agencies Appropriations Bill, FY 1998 [July 28, 1997]

H.R. 2169 – Department of Transportation and Related Agencies Appropriations Bill, FY 1998 [July 23, 1997]

H.R. 2169 - DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998 [July 17, 1997]

H.R. 2203 – ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1998 [July 24, 1997]

H.R. 2203 – ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1998 [July 23, 1997]

H.R. 2206 – Veterans' Health Programs Improvement Act of 1997 [October 6, 1997]

H.R. 2233 – Coral Reef Conservation Act [September 29, 1997]

H.R. 2247 – Amtrak Reform and Privatization Act of 1997 [October 21, 1997]

H.R. 2261 – Small Business Reauthorization Act of 1997 [September 23, 1997]

H.R. 2264 – Department Of Labor, Health And Human Services, Education, And Related Agencies Appropriations Bill, FY 1998 [September 4, 1997]

H.R. 2266 – Department Of Defense Appropriations Bill, FY 1998 [July 29, 1997]

H.R. 2266 – Department Of Defense Appropriations Bill, FY 1998 [July 28, 1997]

H.R. 2267 –Departments of Commerce, Justice, and State, the Judiciary, And Related Agencies Appropriations Bill, FY 1998 [September 24, 1997]

H.R. 2267 – Departments of Commerce, Justice, and State, the Judiciary, And Related Agencies Appropriations Bill, FY 1998 [September 5, 1997]

H.R. 2358 – Political Freedom in China Act of 1997 [November 4, 1997]

H.R. 2378 – Treasury, Postal Service, And General Government Appropriations Bill, FY 1998 [September 17, 1997]

H.R. 2386 – U.S.-Taiwan Anti-Ballistic Missile Act [November 4, 1997]

H.R. 2472 – Energy Policy and Conservation Act Extension [September 29, 1997]

H.R. 2493 – Forage Improvement Act of 1997 [October 29, 1997]

H.R. 2513 – Restoration and Modification of Provisions of the Taxpayer Relief Act of 1997 [November 8, 1997]

H.R. 2513 – Restoration and Modification of Provisions of the Taxpayer Relief Act of 1997 [November 13, 1997] *

H.R. 2535 – Emergency Student Loan Consolidation Act of 1997 [October 21, 1997]

H.R. 2570 – Forced Abortion Condemnation Act [November 4, 1997]

H.R. 2605 – Communist China Subsidy Reduction Act of 1997 [November 4, 1997]

H.R. 2607 – District of Columbia Appropriations Bill, FY 1998 [October 8, 1997]

H.R. 2610 – National Narcotics Leadership Act of 1997 [October 21, 1997]

H.R. 2610 – National Narcotics Leadership Act of 1997 [November 8, 1997] *

H.R. 2614 – The Reading Excellence Act [November 7, 1997]

H.R. 2616 – Charter Schools Amendments Act of 1997 [October 23, 1997]

H.R. 2616 – Charter Schools Amendments Act of 1997 [October 30, 1997]

H.R. 2624 – A Bill Disapproving the Cancellations Transmitted by the President on October 6, 1997 regarding the FY 1998 Military Construction Appropriations Act [November 8, 1997] *

H.R. 2644 – United States-Caribbean Trade Partnership Act [November 3, 1997]

H.R. 2646 – Education Savings Act for Public and Private Schools [October 21, 1997]

H.R. 2647 – Monitoring Commercial Activities of Chinese Military Companies [November 4, 1997]

H.R. 2676 – Internal Revenue Service Restructuring and Reform Act of 1997 [November 5, 1997]

H.R. 2709 – Iran Missile Proliferation Sanctions Act of 1997 [November 7, 1997]

H.R. 2746 – Helping Empower Low-income Parents (HELP) Scholarships Amendments of 1997 [October 30, 1997]

H.R. 6 – Higher Education Amendments of 1998 [April 28, 1998]

H.R. 10 – Financial Services Act of 1998 [March 31, 1998]

H.R. 512 - New Wildlife Refuge Authorization Act [April 21, 1998]

H.R. 992 – Tucker Act Shuffle Relief Act of 1997 [March 11, 1998]

H.R. 1252 – Judicial Reform Act of 1998 [April 22, 1998]

H.R. 1252 – Judicial Reform Act of 1998 [April 23, 1998]

H.R. 2259 – King Cove Health and Safety Act [March 17, 1998]

H.R. 2431 – Freedom From Religious Persecution Act of 1998 [May 14, 1998]

H.R. 2515 – Forest Recovery and Protection Act of 1998 [March 26, 1998]

H.R. 2709 – Iran Missile Proliferation Sanctions Act of 1997 [May 21, 1998]

H.R. 2709 – Iran Missile Proliferation Sanctions Act of 1997 [June 5, 1998]

H.R. 2846 – Prohibition on Federal Education Testing [February 5, 1998]

H.R. 3097 – Tax Code Termination Act [June 17, 1998]

H.R. 3246 – Fairness for Small Business and Employees Act of 1998 [March 25, 1998]

H.R. 3248 – Dollars to the Classroom Act [September 16, 1998]

H.R. 3248 – Dollars to the Classroom Act [September 17, 1998]

H.R. 3310 – Small Business Paperwork Reduction Act Amendments [March 26, 1998]

H.R. 3579 – Making Emergency Supplemental Appropriations, FY 1998 [March 30, 1998]

H.R. 3579 – Making Emergency Supplemental Appropriations, FY 1998 [March 30, 1998]

H. R. 3579 – Making Emergency Supplemental Appropriations, FY 1998 [March 31, 1998]

H.R. 3579 – Making Emergency Supplemental Appropriations, FY 1998 [March 31, 1998]

H. R. 3580 – Making Supplemental Appropriations and Rescissions, FY 1998 [March 30, 1998]

H.R. 3580 – Making Supplemental Appropriations and Rescissions, FY 1998 [March 30, 1998]

H.R. 3580 – Making Supplemental Appropriations And Rescissions, FY 1998 [March 31, 1998]

H.R. 3580 – Making Supplemental Appropriations and Rescissions, FY 1998 [March 31, 1998]

H.R. 3682 – Child Custody Protection Act [July 14, 1998]

H.R. 3717 – Prohibition Regarding Illegal Drugs and the Distribution of Hypodermic Needles [April 28, 1998]

H.R. 3789 – Class Action Jurisdiction Act of 1998 [October 5, 1998]

H.R. 4103 – Department of Defense Appropriations Bill, FY 1999 [June 23, 1998]

H.R. 4103 – Department of Defense Appropriations Bill, FY 1999 [June 24, 1998]

H.R. 4104 – Treasury and General Government Appropriations Bill, FY 1999 [June 23, 1998]

H.R. 4104 – Treasury and General Government Appropriations Bill, FY 1999 [June 24, 1998]

H.R. 4193 – Department of the Interior and Related Agencies Appropriations Bill, FY 1999 [July 21, 1998]

H.R. 4194 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1999 [July 15, 1998]

H.R. 4194 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1999 [July 16, 1998]

H.R. 4250 – Patient Protection Act of 1998 [July 23, 1998]

H.R. 4274 – Departments of Labor, Health And Human Services, Education, And Related Agencies Appropriations Bill, FY 1999 [August 4, 1998]

H.R. 4274 – Departments of Labor, Health and Human Services, Education, And Related Agencies Appropriations Bill, FY 1999 [October 2, 1998]

H.R. 4276 – Commerce, Justice, State, the Judiciary, And Related Agencies Appropriations Bill, FY 1999 [July 22, 1998]

H.R. 4276 – Commerce, Justice, State, the Judiciary, And Related Agencies Appropriations Bill, FY 1999 [August 3, 1998]

H.R. 4380 – District of Columbia Appropriations Bill, FY 1999 [August 5, 1998]

H.R. 4380 – District of Columbia Appropriations Bill, FY 1999 [August 6, 1998]

H.R. 4569 – Foreign Operations, Export Financing, And Related Programs Appropriations Bill, FY 1999 [September 17, 1998]

H.R. 4570 – Omnibus National Parks and Public Lands Act of 1998 [October 5, 1998]

H.R. 4578 – Save Social Security Act of 1998 [September 24, 1998]

H.R. 4579 – Taxpayer Relief Act of 1998 [September 25, 1998]

Veto Threats of Legislation in Senate

S. 4 – Family Friendly Workplace Act [May 9, 1997]

S.J.Res. 5 - Waiver for USTR Appointment [March 4, 1997]

S. 25 [as modified] –The Bipartisan Campaign Reform Act of 1997 [September 30, 1997]

S. 104 – Nuclear Waste Policy Act of 1997 [April 7, 1997]

S. 360 – To Require the Adoption of a Management Plan for Hells Canyon National Recreation Area [November 6, 1997]

S. 439 – To Provide Alaska with Jurisdiction over Small Hydroelectric Projects [November 5, 1997]

S. 462 – Public Housing Reform and Responsibility Act of 1997 [September 23, 1997]

S. 495 – Chemical and Biological Weapons Threat Reduction Act of 1997 [April 17, 1997]

S. 543 – Volunteer Protection Act of 1997 [April 29, 1997]

S. 562 – Housing Programs Extension Act of 1997 [September 16, 1997]

S. 660 – University of Alaska Land Conveyance [November 6, 1997]

S. 783 – Boundary Waters Canoe Area Wilderness Accessibility and Fairness Act of 1997 [November 6, 1997]

- S. 830** – FDA Modernization and Accountability Act of 1997 [September 24, 1997]
- S. 858** – Intelligence Authorization Act for Fiscal Year 1998 [June 18, 1997]
- S. 903** – Foreign Affairs Reform and Restructuring Act of 1997 [June 16, 1997]
- S. 936** – National Defense Authorization Act for Fiscal Year 1998 [June 19, 1997]
- S. 955** – Foreign Operations, Export Financing, And Related Operations Appropriations Bill, FY 1998 [July 16, 1997]
- S. 1004** – Energy And Water Development Appropriations Bill, FY 1998 [July 15, 1997]
- S. 1005** – Department of Defense Appropriations Bill, FY 1998 [July 14, 1997]
- S. 1022** – Departments of Commerce, Justice, And State, the Judiciary, And Related Agencies Appropriations Bill, FY 1998 [July 24, 1997]
- S. 1033** – Agriculture, Rural Development, Food And Drug Administration, And Related Agencies Appropriations Bill, FY 1998 [July 23, 1997]
- S. 1034** – Departments of Veterans Affairs And Housing And Urban Development, And Independent Agencies Appropriations Bill, FY 1998 [July 21, 1997]
- S. 1139** – Small Business Reauthorization Act of 1997 [September 8, 1997]
- S. 1156** – District of Columbia Appropriations Bill, FY 1998 [September 18, 1997]
- S. 1158** – Huna Totem Corporation Land Exchange Act [November 6, 1997]
- S. 1159** – Kake Tribal Corporation Land Exchange Act [November 6, 1997]
- S. 1173** – Intermodal Surface Transportation Efficiency Act of 1997 [October 8, 1997]
- S. 1198** – Religious Workers Act of 1997 [September 29, 1997]
- S. 1292** – A Bill Disapproving the Cancellations Transmitted by the President on October 6, 1997 regarding the FY 1998 Military Construction Appropriations Act [October 30, 1997]
- S. 1092** – King Cove Health and Safety Act [October 1, 1998]
- S. 1133** – Parent and Student Savings Account PLUS Act [March 12, 1998]
- S. 1502** – District of Columbia Student Opportunity Scholarship Act [April 30, 1998]*

- S. 1645** – Child Custody Protection Act [September 9, 1998]
- S. 1668** – Disclosure to Congress Act of 1998 [March 9, 1998]
- S. 1723** – American Competitiveness Act [May 11, 1998]
- S. 1873** – The American Missile Protection Act of 1998 [May 11, 1998]
- S. 1981** – Truth in Employment Act [September 11, 1998]
- S. 2060** – National Defense Authorization Act for Fiscal Year 1999 [May 14, 1998]
- S. 2132** – Department of Defense Appropriations Bill, FY 1999 [July 30, 1998]
- S. 2176** – Federal Vacancies Reform Act of 1998 [September 24, 1998]
- S. 2237** – Department of the Interior and Related Agencies Appropriations Bill, FY 1999 [September 8, 1998]
- S. 2271** – Property Rights Implementation Act of 1998 [July 10, 1998]
- S. 2307** – Department of Transportation and Related Agencies Appropriations Bill, FY 1999 [July 23, 1998]
- S. 2312** – Treasury and General Government Appropriations bill, FY 1999 [July 28, 1998]
- S. 2334** – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1999 [September 1, 1998]

* Indicates the President's message to one chamber refers to legislation from the other.

March 19, 1997
(House)

H.R. 1 - Working Families Flexibility Act of 1997
(Ballenger (R) NC and 99 others)

The President will veto H.R. 1 if it is passed in its current form. The President will not sign H.R. 1, or any other comp time legislation, unless it adheres to three fundamental principles: (1) real choice for workers; (2) real protection against employer abuse; and (3) preservation of workers' rights.

H.R. 1 purports to give working families greater flexibility. In reality, it grants employers more rights at the expense of working people:

H.R. 1 fails to offer workers real choice. In particular, H.R. 1 would allow an employer to decide when a worker could use his or her compensatory time-off by disapproving such time-off if the employer claims it would "unduly disrupt" its operations. In addition, H.R. 1 would permit an employer to "cash out" a worker's earned compensatory time over 80 hours.

H.R. 1 fails to protect workers against employer abuse. For example, H.R. 1 offers inadequate protections for vulnerable workers and part-time, seasonal, and temporary employees, including garment and construction workers, and those who are employed in industries with histories of Fair Labor Standards Act violations. H.R. 1 also fails to prohibit employers from substituting compensatory time-off for paid vacation or sick leave benefits. Furthermore, H.R. 1 lacks meaningful remedies for workers when employers penalize them for electing to receive overtime pay in lieu of compensatory time-off. In addition, H.R. 1 contains inadequate worker safeguards in cases where an employer goes bankrupt or out-of-business.

H.R. 1 fails to preserve workers' rights. Workers who take compensatory time-off can be forced to work additional overtime in the same week -- even on the weekend -- without being paid overtime premium pay.

The Administration supports the substitute amendment to be offered by Representative George Miller, although procedural obstacles in the House have prevented the amendment from addressing all of the important issues that need to be treated, including expansion of Family and Medical Leave Act (FMLA). The Administration strongly believes that any legislation to authorize compensatory time under the Fair Labor Standards Act should be linked to expansion of the FMLA. Expanding the FMLA to give working families greater flexibility to foster the education of their children or provide routine health care for their children or elderly relatives will go a long way toward achieving the stated goals of H.R. 1.

The Miller amendment, however, would ensure real employee choice, by adding crucial provisions not found in H.R. 1. For example, employers that adopt comp time programs would have to make comp time available to similarly-situated employees on a fair and non-discriminatory basis. Working families are guaranteed real protection against possible comp time abuse through the Miller amendment.

Furthermore, the Miller amendment would preclude employers from using comp time to modify or reduce existing paid leave plans. It would entitle employees choosing comp time to get regular statements of their accrual and use of comp time; put a reasonable limit on the number of hours of comp time that can be accrued; and allow employees to seek damages when they incur costs because an employer wrongfully denies them use of the comp time they earned. The Secretary of Labor would have the authority to bar employers with a pattern and practice of comp time abuse from continuing to offer comp time. H.R. 1 has none of these protections. These are all improvements to H.R. 1 that guarantee the legislation enhances rather than decreases flexibility for America's working families.

April 30, 1997
(House)

H.R. 2 - Housing Opportunity and Responsibility Act of 1997
(Lazio (R) NY and 3 cosponsors)

The Administration supports many of the objectives of H.R. 2, and appreciates the passage of several amendments that improve the bill as well as the determination to enact long overdue program reforms. However, the Administration remains opposed to passage of H.R. 2 unless it is amended to address the concerns summarized below (and explained in more detail in the attachment).

H.R. 2 would codify much of the Administration's agenda for transforming the Nation's public housing system by: (1) facilitating the demolition and replacement of severely distressed housing developments, including replacement with mixed-income housing through partnerships with the private sector; (2) demanding prompt improvement of troubled public housing agencies (PHAs) or replacing their management; (3) promoting rent policies and coordination with supportive service efforts that encourage work; and (4) getting tougher on crime.

Administration Concerns. Although the Administration appreciates the purposes of H.R. 2 and the improvements in the bill, the Administration remains opposed to H.R. 2 unless it is amended to:

Provide more targeting of scarce housing assistance to the neediest families;

Set the payment standard at no higher than the Fair Market Rent;

Set the minimum rent at \$25 per month for public housing and tenant-based assistance and allow HUD to grant hardship exemptions;

Address the serious flaws in the home rule flexible grant option;

Delete the "Housing Evaluation and Accreditation Board";

Delete the "self-sufficiency agreement" between PHAs and public housing residents or recipients of tenant-based assistance;

Delete Community Development Block Grant (CDBG) sanctions against local governments contributing to the troubled status of a PHA; and

Delete the apparent requirement that private owners of federally assisted housing be provided with information regarding the criminal conviction records of adult applicants for, or tenants of, that housing.

Pay-As-You-Go Scoring. H.R. 2 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is under development.

ATTACHMENT-STATEMENT OF ADMINISTRATION POLICY ON H.R. 2

Objectives of HR 2. The Administration supports many of the objectives of H.R. 2: to promote safe, decent, and affordable housing, to streamline and strengthen the publichousing and tenant-based assistance programs, and to give well-run public housing agencies ("PHAs") more flexibility to administer housing assistance in accordance with local needs and conditions.

Committee Amendments. The Administration appreciates the passage of several amendments that improve H.R. 2, including a bipartisan amendment ensuring that excess Section 8 reserves are available to renew Section 8 contracts and adding physical conditions as an indicator of PHA performance. The Administration looks forward to working with Congress to further streamline the program in a responsible manner, such as by reducing the reporting and review requirements in the PHA plan along the lines of the proposal contained in the Administration's bill.

Administration Concerns. Although the Administration appreciates the purposes of H.R. 2 and the improvements recently made to the bill, as well as the determination to enact program reforms that are long overdue, the Administration remains opposed to H.R. 2 unless it is amended to:

Provide more targeting of scarce housing assistance to the neediest families by: Retaining the income eligibility level for tenant-based assistance at 50 percent of median income; further targeting 75 percent of such assistance to families with incomes not exceeding 30 percent of median income; and deleting the fungibility provision. H.R. 2 would require that 40 percent of new recipients of tenant-based assistance be families with incomes not exceeding 30 percent of median income. The remaining new recipients could be families with incomes up to 80 percent of median income. Further, H.R. 2 would allow a PHA to treat the public housing and tenant-based targeting requirements fungibly, so that if the PHA exceeded H.R. 2's targeting requirement for public housing, then it would be permitted to fall short of the targeting for tenant-based assistance by a proportional amount. These provisions could change the focus of the tenant-based program from one that is currently targeted to very low-income families to one that largely serves families with much less need for housing assistance. Instead, tenant-based assistance should continue to be more targeted than public housing because it effectively integrates families into mixed-income settings.

Improving the income targeting requirements for public housing so that: (1) of the families that a PHA admits to public housing in a given year, at least 90 percent have incomes not exceeding 60 percent of median income and at least 40 percent have incomes not exceeding 30 percent of median income; and (2) at least 40 percent of families in occupancy at each PHA housing development have incomes not exceeding 30 percent of median income. H.R. 2 would only require that 35 percent of the families a PHA admits

to public housing in a given year have incomes below 30 percent of median income, and even that requirement could be avoided under the bill's fungibility provision. All other families could have incomes up to 80 percent of median income. H.R. 2 also contains only general language prohibiting the concentration of the poorest families in particular developments. Both the PHA-wide and development targeting provisions of H.R. 2 must be amended to increase the number of very low-income families served by the program and to ensure access by those families to all developments.

Establishing an income limit for Section 8 project-based assistance requiring that 40 percent of new admissions must have incomes at or below 30 percent of median income, and 90 percent must have incomes at or below 60 percent of median income. H.R. 2 contains no income limits for Section 8 project-based assistance.

Set the payment standard at no higher than the Fair Market Rent. H.R. 2 would permit PHAs to establish payment standards up to 120 percent of the Fair Market Rent (FMR) established by HUD. Under the current voucher program, PHAs have the discretion to set payment standards no higher than the FMR, with HUD approved exception rents. The national average FMR for a two-bedroom unit will be about \$600 in FY 1998. H.R. 2 would allow the average PHA to set a payment standard up to \$720. The Administration is opposed to these more generous subsidy payments that would work against the national goal of assisting more families in need.

Set the minimum rent at \$25 per month for public housing and tenant-based assistance and allow HUD to grant hardship exemptions. H.R. 2 would allow PHAs to set minimum rents of between \$25 and \$50 per month and would allow only PHAs to set hardship exemptions. The Administration believes minimum rents above \$25 per month would pose a genuine economic hardship to some families and that HUD must have the authority to grant appropriate relief through hardship exemptions when PHAs do not do so.

The Home Rule Flexible Grant Option is seriously flawed. This provision of H.R. 2 does not adequately ensure that housing assistance will be targeted to those with very substantial housing needs. In addition, it provides for insufficient guarantees that residents will be charged reasonable rents and that housing assistance will be administered by experienced entities.

Delete the "Housing Evaluation and Accreditation Board". H.R. 2 would create a new Executive branch agency that would largely replace HUD in overseeing PHAs and administering the public housing and tenant-based programs. Although H.R. 2 requires that a study of alternative PHA evaluation methods (including accreditation) be done first, it presumes the results of the study and creates an accreditation board. The Administration is opposed to creating a new permanent Federal agency prior to receiving the results of a study to determine whether this step is necessary, advisable, or the best approach.

Delete the "self-sufficiency agreement" between PHAs and public housing residents or recipients of tenant-based assistance. The Administration supports the purpose of this

provision, but does not believe that PHAs have the capacity or resources to implement self-sufficiency agreements with every covered individual. The Administration's proposal clarifies that it would be the PHA's job to assist State welfare agencies in their self-sufficiency efforts.

Delete Community Development Block Grant (CDBG) sanctions against local governments contributing to the troubled status of a PHA. H.R. 2 would authorize the Secretary to withhold or redirect the CDBG funds of any local government whose actions or inactions have substantially contributed to the troubled status of a PHA. Current law coupled with new sanctions included in H.R. 2 will provide HUD with sufficient authority to deal with the problems of a troubled PHA, including receivership if the troubled status continues for over a year. The proposed CDBG sanction could lead to substantial charges, countercharges, and litigation without resulting in the improvement of troubled PHAs.

Delete the apparent requirement that private owners of federally assisted housing be provided with information regarding the criminal conviction records of adult applicants for or tenants of that housing. The Administration opposes allowing any private citizens or entities, including the private owners of federally assisted housing, to obtain such information about other individuals. The provision of such sensitive information to private individuals and entities raises significant privacy concerns. The Administration will work with Congress to identify other means of bolstering security efforts in privately owned, federally assisted housing.

May 7, 1997
(House)

H.R. 3 - Juvenile Crime Control Act of 1997
(McCollum (R) Florida and five cosponsors)

Enactment of comprehensive legislation to address youth and gang violence and drug use is a top Administration priority. Accordingly, on February 25, 1997, the Department of Justice transmitted to Congress the Anti-gang and Youth Violence Act of 1997, which was introduced as H.R. 810 by Representative Schumer. The Administration's proposal was designed in conjunction with law enforcement officials around the country, including those in Boston, Massachusetts, who have implemented balanced and comprehensive programs that successfully fight youth and gang violence. Those programs combine elements of enforcement and prosecution with targeted and selective prevention and intervention efforts. Unfortunately, H.R. 3 fails to embody such an approach and, consequently, misses an important opportunity to fight and prevent juvenile crime. Therefore, the Administration opposes House passage of H.R. 3.

H.R. 3 is neither comprehensive nor balanced because it fails to include:

a requirement that every Federally-licensed firearms dealer provide a child safety lock with each firearm sold;

a prohibition on firearm possession by juveniles adjudicated delinquent of offenses that would have been felonies if committed by an adult (and thus barring the offender from gun possession);

targeted funding to ensure that local prosecutors can hire additional prosecutors for gang-related crimes;

targeted funding, beginning in FY 1998, to ensure that localities can establish court-based programs specifically to address issues of juvenile and youth violence;

greater flexibility for prosecutors in prosecuting juveniles as adults;

provisions to protect witnesses who help prosecute gangs and other violent offenders;

tough drug enforcement provisions to increase penalties for selling drugs to kids, using kids to sell drugs, and selling drugs in schools;

provisions requiring drug testing of violent offenders and authorizing use of prison grant funds for drug testing, treatment, and supervision of incarcerated offenders;

tough penalties for possessing firearms while committing violent or drug crimes; and

targeted funding, beginning in FY 1998, for effective prevention programs that target at-risk youth and keep schools open to provide young people with alternatives to criminal activity.

The Administration believes that none of these elements can be omitted if a successful, comprehensive effort to curb youth violence is to be achieved. The Administration will work with Congress throughout the legislative process to ensure passage of legislation that will have a meaningful impact on juvenile crime.

April 15, 1997
(House Rules)

H.R. 400 - 21st Century Patent System Improvement Act
(Coble (R) North Carolina and 35 cosponsors)

The Administration appreciates the Judiciary Committee's consideration of its proposal to establish the Patent and Trademark Office (PTO) as a performance based organization. The Administration supports the substantive patent law provisions of the bill. The Administration supports House passage of the floor manager's en bloc amendments to H.R. 400, which include some of the Administration's proposals to improve the performance of the PTO. The Administration will seek further improvements as the legislation continues through the legislative process.

Amendment by Representative Rohrabacher

The Administration strongly opposes House passage of H.R. 811, which may be offered as a substitute for H.R. 400. H.R. 811 would undermine the internationally agreed upon rule for a patent term of 20 years from the filing of the patent application. It would have the practical effect of allowing applicants to delay the patenting of an invention, thereby enabling the eventual patentee to extract large royalties from businesses using the invention or to threaten the viability of those businesses.

Pay-As-You-Go Scoring

H.R. 400 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990. OMB is developing its preliminary PAYGO estimate.

May 2, 1997
(House)

H.R. 478 - Flood Prevention and Family Protection Act of 1997
(Rep. Herger (R) CA and 24 cosponsors)

The Administration strongly opposes H.R. 478 because it would exempt all flood control projects from "consultation" and "takings" requirements of the Endangered Species Act (ESA). The Administration clearly supports minimizing flood damages and protecting the residents living in flood prone areas, but does not believe that H.R. 478 will achieve these goals. Because of the severe economic and environmental impacts that would be caused by H.R. 478, the Secretary of the Interior would recommend that the President veto the bill in its current form.

H.R. 478 would waive ESA requirements in a broad range of non-emergency situations, including routine operation and maintenance of flood control projects. For example, the broad ESA exemption under H.R. 478 could apply to prominent dams such as Hoover and Grand Coulee or any hydropower facility with associated flood control benefits. H.R. 478 could have potentially disastrous environmental consequences with little project benefits.

The administration of ESA by the Fish and Wildlife Service (FWS) and the National Marine Fisheries Service has not resulted in significant delays in construction or proper maintenance of flood control facilities. Effective emergency procedures are already utilized to deal with the ESA and other environmental requirements during flood emergencies. For example, during the recent California flooding, FWS implemented ESA provisions which allowed emergency actions in disaster areas to be taken quickly without the Act's normal "prior consultation" requirements.

Under H.R. 478, virtually all Federal and non-Federal projects in the Columbia River basin would arguably be exempt from ESA requirements. Since these projects would no longer be required to protect endangered fish stocks, such as Pacific salmon, other public agencies and the private sector would have to significantly increase their conservation efforts to compensate for the expected loss of important fishery resources. This could have severe, long-term economic impacts for the logging, mining, irrigation, navigation, water supply, recreation, and commercial fishing industries in the region. These developments could be repeated in other regions of the country.

July 8, 1997
(House)

H.R. 748 - Prohibition on Financial Transactions with Countries Supporting Terrorism Act
(McCollum (R) Florida and two cosponsors)

The Administration opposes House passage of H.R. 748. The bill would deny the Executive branch the discretion to determine, on a case-by-case basis, the most appropriate and effective sanctions to impose against governments that support terrorism. H.R. 748 would seriously infringe on the President's ability to conduct foreign policy. It would seriously impede the Executive branch's ability to use sanctions to respond quickly and flexibly to unforeseeable developments and international events. The loss of flexibility to tailor sanctions to unique circumstances and situations would undermine the usefulness of sanctions as a U.S. foreign policy tool needed to defend U.S. national security and economic interests. No list can adequately address the circumstances that could arise in U.S. relations with terrorist regimes.

Current sanctions programs reflect foreign policies crafted over extended periods in response to unique developments in each target country. H.R. 748 would make it impossible for the Administration to respond to changing foreign policy conditions. The bill would interfere with the United States' ability to implement mandatory United Nations Security Council Resolutions that impose sanctions. The ramifications of this bill have not been adequately considered, particularly with respect to its impact on other provisions of law, on binding international obligations, and on the overall interests of the United States. For example, H.R. 748 would eliminate mandated exceptions to sanctions as contained in existing laws, including the Cuban Democracy Act, the Cuban Liberty and Democratic Solidarity Act, the Trading with the Enemy Act, and the International Emergency Economic Powers Act. These Acts authorize or exempt, when appropriate, various financial transactions from sanctions. In addition, H.R. 748 could undermine the Administration's ability to serve as an effective intermediary in the Middle East peace process, and would hinder efforts to gain Syria's cooperation on specific terrorism-related problems.

The Administration currently has sufficient statutory authority to administer an effective sanctions program against terrorist countries. Comprehensive embargoes are already being applied to Cuba, Iran, Iraq, North Korea, and Libya, and further measures against Sudan pursuant to existing statutory authorities are being considered at this time.

April 9, 1997
(House)

H.R. 757 - American Samoa Development Act of 1997
(Faleomavaega (D) AS)

The Administration supports the objectives of H.R. 757 to analyze and plan for the economic future of American Samoa. However, the Administration does not support H.R. 757, which would establish a commission for these purposes. As set forth in Executive Order No. 12838, Administration support for new commissions is to be limited only to those cases "compelled by considerations of national security, health or safety, or similar national interests." The establishment of a commission by H.R. 757 is also unnecessary because the Administration will use existing authority to accomplish the bill's objectives.

July 14, 1997
(House)

H.R. 765 - Shackleford Banks Wild Horse Protection Act
(Jones (R) NC)

If H.R. 765 is presented to the President in its current form, the Secretary of the Interior would recommend that the bill be vetoed. The bill would direct the Secretary of the Interior to: (1) enter into an agreement with the Foundation for Shackleford Horses for the management of free roaming horses in the Cape Lookout National Seashore; (2) maintain the herd at a level of not less than 100 horses; and (3) provide the Foundation with any horses removed from the park. This type of legislative intervention would establish a disturbing precedent eroding a park superintendent's discretionary authority to make local resource management decisions after consideration of all relevant factors. Also, as explained below, the National Park Service (NPS) already has a number of actions underway to protect the herd of horses.

The NPS, consistent with its current management plan, is committed to maintaining a representative population of free-roaming horses on Shackleford Banks. Consistent with the plan, the NPS expects to complete a Memorandum of Understanding (MOU) with the Foundation this month regarding shared responsibility for management of the herd within the park. Under the terms of the MOU, the Foundation would assist with the management of the herd in the park and would receive any horses deemed surplus to maintaining a viable horse population on the island. In addition, the NPS has established the Shackleford Banks Horse Council as a working committee to assist the park with plans for managing the horses. A wide variety of interests and stakeholders are represented on the Council.

The NPS has demonstrated a commitment to maintaining a permanent horse herd at Cape Lookout National Seashore. Through the establishment of the Shackleford Banks Horse Council, the NPS has further demonstrated its commitment to involve the local community, local and State governments, private sector, the Foundation for Shackleford Horses, Inc., and the professional community in caring for the long term needs of these horses. Existing authorities and regulations provide for appropriate management of the horses. New legislative stipulations are not necessary to maintain the herd and could adversely affect the work that has already been accomplished.

November 7, 1997
(House)

H.R. 838 - To Require the Adoption of a Management Plan for
Hells Canyon National Recreation Area
(Chenoweth (R) ID and 3 others)

The Administration opposes H.R. 838 that would amend the Hells Canyon National Recreation Area Act to require the U.S. Forest Service to permit access by motorized river craft to the entire length of the Snake River within the Hells Canyon National Recreation Area (HCNRA). The bill would require that access be permitted throughout the year.

H.R. 838 would require the Forest Service to change the river management plan that is currently being adopted after many years of development. Regulations specifically addressing the standards for the use of motorized and nonmotorized craft in the HCNRA were issued in 1994. These standards were the subject of extensive public comment. The final rule strikes a careful balance between preserving the area's unique natural resource values and the continued use of motorized and nonmotorized river craft. The Forest Service's river management planning process should be permitted to complete its course.

Pay-As-You-Go Scoring

H.R. 838 would affect off-setting receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is that any scoring implications would be negligible.

September 23, 1997
(House)

H.R. 901 - American Land Sovereignty Protection Act of 1996
(Young (R) AK and 174 cosponsors)

If H.R. 901 were presented to the President, the Secretary of the Interior would recommend that the bill be vetoed. H.R. 901 would impose unnecessary restrictions on the existing legal and administrative framework that implements U.S. commitments to international environmental cooperative efforts. This bill could significantly reduce U.S. leadership and influence in global conservation and is counter to the U.S. role in global environmental cooperation.

H.R. 901 is based upon the faulty premise that the World Heritage Convention, the Biosphere Reserve Program, and other international conservation agreements or programs threaten the United States' sovereignty over its lands. There are several reasons why these agreements and programs do not encroach upon U.S. sovereignty:

International conservation agreements, such as the World Heritage Convention, and programs, such as the U.S. Man in the Biosphere Program, do not give the United Nations the authority to influence land management decisions within the United States and have not been utilized to exclude Congress from land management decisions, nor could they be used to do so.

The nomination processes for international conservation recognitions are consultative and based on a demonstrated commitment at the local level.

International site recognitions do not affect land use decisions by local governments, tribes, or private property owners, and are subject to applicable domestic laws.

International site recognitions do not impose restrictions on land use or stop economic growth. To the contrary, World Heritage sites and U.S. Biosphere Reserves have been embraced in many local areas as value-added designations, increasing partnership among Federal, State, and local governments, and private property owners. These designations have also contributed to an increase in international tourism, which is especially vital to rural economies.

The Administration also strongly opposes amendments made to the bill during the full committee mark-up that would include the Ramsar Convention among those international agreements for which an act of Congress would be needed to nominate or designate an area. Nominating and ultimately designating wetland sites under Ramsar is a voluntary, community-driven process that requires State, Commonwealth, or Territorial approval. In addition, the Fish and Wildlife Service requests written support from the appropriate members of the affected Congressional delegation. Ramsar site designations do not impose any land management oversight by international organizations.

May 21, 1997
(House)

H.R. 911 - Volunteer Protection Act of 1997
(Porter (R) Florida and 156 cosponsors)

The Administration supports the intent of H.R. 911 -- to facilitate the work of an ever-growing number of volunteers -- but we remain concerned with several of the bill's provisions.

H.R. 911 is a reasonable attempt to address the country's need for the services of an ever-growing number of volunteers. It is targeted to those acting without financial motives, and limited with respect to the types and extent of liability excluded. The bill permits States not only to opt out of the bill's provisions entirely but also to require proper licensing and evidence of financial responsibility. None of the bill's limitations on liability would apply to misconduct that constitutes a crime of violence, an act of international terrorism, a hate crime, or to any misconduct that involves intoxication, drug use, a sexual offense, or the violation of any State or Federal civil rights law. Application of the bill's provisions only to harm arising after the effective date effectively ties the bill's purpose -- to encourage volunteering -- to its effect.

While the Administration applauds the intent of H.R. 911, it remains concerned about several of its provisions. First, the total prohibition on joint and several liability for non-economic damages would unfairly and inequitably impact poor, sick, and older Americans -- those most likely to use volunteer services. Second, sections 3(a) and 4(e)(2) apply the principle of one-way preemption: State laws that further limit volunteer liability are recognized, but those that expand plaintiff's rights are not. While perhaps appropriate in the context of encouraging individuals to volunteer, one-way preemption in general remains a troubling interference with state prerogatives. Finally, the definition of "non-profit organization" remains too broad, encompassing organizations about which no independent judgment of their public benefit has been made.

The Administration will work with the Congress to resolve these concerns.

March 19, 1997
(House)

H.R. 929 - Partial-Birth Abortion Ban Act of 1997
(Rep. Canady and 181 cosponsors)

H.R. 929 contains the same serious flaws as H.R. 1833, a virtually identical bill that was passed during the 104th Congress and vetoed by the President on April 10, 1996. The President will veto H.R. 929 for the reasons he expressed in his veto message of April 10, 1996, which is attached.

April 15, 1997
(House)

H.R. 930 - Travel and Transportation Reform Act
(Horn (R) CA and 5 cosponsors)

The Administration supports House passage of H.R. 930, which includes many desirable improvements in travel policy for Federal employees.

The Administration has concerns, however, with Section 2 as amended by the proposed manager's amendment. This section would unnecessarily remove the General Services Administration's discretion regarding the use of government travel cards by Federal agencies. The Administration will work with Congress to ensure that the legislation includes an appropriate level of flexibility for Federal agencies.

November 4, 1997
(House Rules)

H.R. 967 - Prohibition of U.S. Funds for Certain Chinese Officials' Travel
(Gilman (R) New York and 35 cosponsors)

The Administration strongly opposes H.R. 967, which would prohibit the use of U.S. funds to provide for the participation of certain Chinese officials in international programs and exclude specified Chinese officials from admission to the United States. The Administration opposes the bill because it would:

Contradict U.S. policy to expand dialogue with the Chinese in order to advance critical U.S. security, political, and economic interests.

Possibly prompt China to impose its own visa restriction that could further limit the ability of U.S. officials and American religious figures to advocate views in China.

Raise serious constitutional concerns to the extent that it would inhibit the President's ability to conduct the foreign relations of the United States and to receive foreign government officials.

Fail to take account of U.S. international obligations to admit certain foreigners to the United Nations and other international organizations.

Require the State Department to divert scarce resources from core tasks to comply with the requirement to maintain lists of officials covered by the bill.

U.S. interests are best served by increasing the transparency of Chinese society and promoting expansion of China's participation in international fora governed by standards and rules agreed to by the international community of nations. U.S. engagement exposes Chinese officials first-hand to the benefits of an open and democratic system. There is no better way to demonstrate the advantages of a free and open society than to let them experience it for themselves.

September 8, 1997
(House)

H.R. 976 - Mississippi Sioux Tribes Judgment Fund
Distribution Act of 1997
(Hill (R) MT)

The Administration opposes H.R. 976, which would amend the distribution plan for judgment funds for the lineal descendants of the Sisseton and Wahpeton Tribes of Sioux Indians in the Dakotas and Montana.

H.R. 976 would make lineal descendants eligible to receive only the principal amount of the judgment funds (approximately \$1.47 million) originally set aside for distribution to them in 1972. Under H.R. 976, the substantial interest from these judgment funds (approximately \$14 million) would not be distributed to the lineal descendants but, instead, would go to three tribal governing bodies. These tribal entities have already received their share of the original judgment funds. This bill would unfairly and inappropriately reallocate the interest on judgment funds 25 years after Congress set forth the funds distribution scheme in the Mississippi Sioux Tribes Distribution of Judgment Fund Act of 1972.

April 15, 1997
(House)

H.R. 1090 - Revision of Decisions Based on Clear and Unmistakable Error
(Evans (D) IL and 46 cosponsors)

The Administration opposes H.R. 1090, which would subject decisions by the Board of Veterans' Appeals (BVA) to revision based on new avenues for appeal, thereby potentially reopening already adjudicated cases dating back to 1933. H.R. 1090 would increase the BVA's significant backlog of cases and the costs associated with adjudicating benefit claims, while not offering claimants any greater opportunity for remedy than is currently available.

Currently, nearly all BVA decisions may be appealed to the Court of Veterans Appeals for correction of alleged errors. Moreover, current law also affords unsuccessful claimants the right to petition the BVA's Chairman at any time for reconsideration of adverse decisions made even decades ago. Although denials of these petitions are not themselves judicially reviewable, there is no indication that BVA has failed to correct errors of the "clear and unmistakable" sort that are the subject of this legislation.

Scoring for Purposes of Pay-As-You-Go

H.R. 1090 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate is that the bill would increase direct spending by an insignificant amount.

June 19, 1997
(House)

H.R. 1119 - National Defense Authorization Act for Fiscal Year 1998
(Reps. Spence (R) SC and Dellums (D) CA)

The Administration supports prompt congressional consideration of its national defense authorization legislative proposal for FY 1998. As reported by the Committee on National Security, however, H.R. 1119 raises serious budget, policy, and management concerns.

Of particular concern, H.R. 1119 would: (1) contrary to the Bipartisan Budget Agreement, reallocate funds from the Department of Energy's (DOE) 1998 defense discretionary budget request to Department of Defense (DOD) programs; and (2) impose severe restrictions on management of DOD's depot contracting process. The President's senior advisers would recommend that he veto a final conference bill that fails to address these concerns. In addition, if any amendment is adopted that would mandate a date certain for withdrawal of U.S. forces from Bosnia, the President's senior advisers would also recommend that he veto the bill.

Violation of Bipartisan Budget Agreement

H.R. 1119 is inconsistent with the Bipartisan Budget Agreement. While authorizing overall appropriation levels for National Defense consistent with the Agreement, the bill would cut \$2.6 billion from DOE programs intended for vital environmental cleanup activities and ongoing construction projects. At the expense of these high priority activities, the appropriations are reallocated to unrequested procurement programs for the DOD. For example, the bill would cancel DOE's \$1.0 billion privatization initiative for nuclear waste cleanup. Failure to invest in privatization contracts for cleanup activities promotes the continued use of more costly, traditional DOE contracting approaches. This would result in a substantial increase to DOE's cleanup costs in future years. In addition, DOE would not be able to support critical environmental projects required under legally enforceable compliance agreements. Cleanup costs would increase further as facilities deteriorate and contamination spreads. As a consequence, within the limits of the defense spending levels in the Budget Agreement, DOE would incur a substantial budget shortfall in critical departmental functions. Decreased federal oversight of Department of Energy programs would increase the likelihood of contractor waste and fraud.

Depot Maintenance Competition

Section 333 of H.R. 1119 effectively prohibits DOD from contracting for depot-level weapons maintenance and repair by the private sector at any military installation that was identified for closure in the 1995 Base Realignment and Closure (BRAC) round. This provision contravenes not only the best interests of the taxpayers, but also congressional intent to improve DOD's business practices and the BRAC Commission's recommendations. It would preclude DOD from conducting its competitions to determine where maintenance work can best be performed to save taxpayer dollars and protect

military readiness. Without these competitions, the Department could lose hundreds of millions of dollars in savings that would otherwise be used to purchase modern weapons systems. Additionally the provision, in effect, limits the location at which maintenance work can be performed, a mandate that is opposite the notion of DOD using competition to improve its business practices. This is an issue the House leadership has championed to date. Furthermore, for the Air Force, this provision could require a transfer of all consolidated maintenance workloads from two Air Force bases to other DOD depots, requiring a massive effort with significant risk of disruption in mission performance and degradation in military readiness. Finally, this provision represents an unprecedented interference with the BRAC process.

Bosnia Withdrawal Amendment

The Administration understands that an amendment may be offered that would mandate a date certain for withdrawal of U.S. forces from Bosnia. Such an amendment could jeopardize the safety of our troops and damage our national security interests. It would seriously undercut the U.S. commitment to help implement the Dayton Peace Accords and successfully complete the NATO-led mission in Bosnia, resulting in a serious loss in U.S. credibility with the Bosnian parties, with our allies, and with other countries participating in the Stabilization Force (SFOR) operation.

The Administration continues to believe that the duration of SFOR's mission should provide sufficient time to establish conditions to maintain security and stability in Bosnia without an outside military presence. However, this effort can only succeed if the parties and the international community remain assured of U.S. leadership and commitment to peace in Bosnia.

Base Closure and Realignment. The Administration is disappointed that the Committee did not adopt the Department's proposal to authorize two additional rounds of base closure and realignment in 1999 and 2001. Defense's base infrastructure is far too large for its military forces and must be reduced if the Department is to obtain adequate appropriations for readiness and for modernization requirements for the next decade.

Funding Levels

Arms Control Programs. The bill reduces appropriation authorizations for DOD's Cooperative Threat Reduction program and for DOE's nonproliferation programs by over 25 percent from the Administration's request. This would: (1) delay by one year the core-conversion program that will greatly reduce the amount of weapons-grade material produced by Russian nuclear reactors; (2) delay security upgrades at the storage sites for Russian nuclear warheads and potentially other sites that store nuclear materials; and (3) slow efforts to assist Russia with the destruction of its chemical weapons. The Administration urges the House to restore appropriation authorizations to the requested level for these important and highly effective means of enhancing U.S. security through eliminating foreign weapons of mass destruction and preventing weapons proliferation.

Increases for Procurement Programs Not In the Future Years Defense Program (FYDP). H.R. 1119 adds \$3.7 billion to the Administration's request for procurement. Some of these increases, however, are for programs that are not in the FY 1998-2003 FYDP and are of questionable value to the Department's overall plans to modernize military forces. These additions include: \$175 million for OH-58D Kiowa Warriors Helicopters; \$111 million for upgraded Paladin Self-Propelled Artillery systems for the Army National Guard; and \$81 million for upgraded Field Artillery Ammunition Support Vehicles for the Army National Guard.

Rather, the Administration urges reallocation of these appropriation authorizations to restore the DOE reductions and to support key DOD modernization programs, such as the F/A-18E/F aircraft procurement and development; the Navy's Arsenal Ship Demonstrator; and the next-generation aircraft carrier, CV(X)-78.

B-2 Bombers. The Administration opposes the authorization for \$331 million more than requested to reestablish elements of the B-2 production line and to procure advance material to produce nine more bombers in the future. The DOD concluded, in both the Deep Attack Weapons Mix Study and the Quadrennial Defense Review (QDR), that the \$20 billion cost to procure and operate more B-2s exceeds the benefits.

F/A-18E/F. The bill authorizes only \$1.3 billion for an unspecified number of F/A-18E/F aircraft. The President's Budget requested \$2.1 billion for 20 F/A-18E/Fs. A cut of this magnitude would be extremely disruptive to the program, as it "ramps up" from 12 aircraft in FY 1997 to 20 aircraft in FY 1998. The bill would slow production and reduce anticipated efficiencies.

Attack Submarine Procurement. H.R. 1119 would block the plan to construct New Attack Submarines using an innovative teaming arrangement between the two shipbuilders. Shipyard teaming will reduce procurement costs from current statutory requirements while meeting the Congress' intent to involve both shipyards in nuclear submarine construction, avoid a potentially destructive competition for future submarine construction and preserve the submarine industrial base. The Administration urges Congress to support its teaming plan.

DOE Program Direction. The bill would reduce appropriation authorizations for DOE Program Direction by \$221 million. That would require large Reductions in Force (RIFs) of Federal employees beyond cuts already planned, and a 50 percent reduction in support services. The reductions would severely harm DOE's efforts to improve management of contracts on which the Department spends nearly \$10 billion per year. The reductions would disrupt critical activities and restrict DOE's ability to assure the safety of its facilities.

DOE Community Assistance. Defense-related downsizing has reduced contractor employment at DOE sites by 40,000 (25 percent). By denying authorization of the Administration's request of \$28.3 million for development assistance to communities

impacted by this downsizing, the Committee would forego the creation of 1,900 jobs in six communities. Other Objectionable Provisions

Micromanagement of the Department of Defense. H.R. 1119 would undercut the Secretary's managerial authority and seek to micromanage Defense operational programs. Most significantly, the bill would: (1) impose unnecessary restrictions on the Seawolf attack submarine; (2) impose unreasonable restrictions on the reprogramming of Operations and Maintenance funds that would deny base and unit level commanders the latitude to realign funds as dictated by mission requirements; (3) unilaterally transfer oversight of morale, welfare, and recreation (MWR), commissary and exchanges to U.S. Defense (Comptroller); (4) constrain the ability of the Secretary of Defense to oversee the Ballistic Missile Defense Office; and (5) impose limits on funding levels for the Office of the Secretary of Defense.

Bosnia. The Administration is concerned that the bill would withhold funds from the Military Services pending the submission of a detailed report on the future of the U.S. Bosnian mission and the political and military environment in the region. Demanding such onerous reporting requirements in the midst of ongoing operations diverts manpower resources from focusing upon and accomplishing the important tasks at hand.

Counter-drug, Humanitarian Demining. The Administration regrets that the Committee did not approve the Department's proposals to revise authorities for the counter-drug and humanitarian demining programs. The Administration's proposed revision of counter-drug authorities is a key component of the National Drug Control Strategy and would allow us to adapt counter-drug operations to changes in drug trafficking patterns in Columbia and Peru.

Active Duty End Strength. The Administration is concerned that H.R. 1119 imposes end strength floors. In light of additional manpower reductions recommended by the QDR, continuation of personnel floors would be disruptive to the Department's plans to implement the QDR.

White House Communication Agency (WHCA). The Administration objects to the reduction to the WHCA's operating budget. The Administration has worked with the Congress in a good faith effort to accurately portray WHCA expenditures. This reduction appears to have been based on incorrect information concerning WHCA's current year funding.

Exempting Navy and MARAD Ship Disposal from the Toxic Substances Control Act. The Administration objects to exempting the sale or sinking of Naval vessels from the Toxic Substances Control Act (TSCA) and Maritime Protection Research and Sanctuaries Act. While the Navy and MARAD face a serious problem due to their inability to dispose of ships, the Administration has not yet determined the best method for resolving these difficulties. Thus, the provision is premature. The Administration is working toward a solution that allows Navy and MARAD to dispose of ships in a timely manner while retaining adequate environmental controls on the process.

Military Pay Raise. The Administration is gratified that Congress provided a 2.8 percent raise as requested by the President for military members. It is concerned, however, that the delinking of civilian and military pay raises could create significant equity and budgetary issues, especially in an era of declining resources.

Termination of the Ready Reserve Mobilization Income Insurance Program. We are gratified to see that H.R. 1119 responds to the Administration's concerns about the Ready Reserve Mobilization insurance program and will pay all promised benefits while keeping the integrity of the insurance concept intact.

H.R.1778 - Defense Reform Amendment

The Administration shares many of the goals of the Defense Reform Bill, H.R. 1778, to achieve more efficient and cost effective DOD operations. Individually, many of the provisions have merit, such as reinforcing use procedures when buying commercial items, repealing the requirement for contractor guarantees, promoting the use of performance-based service contracts, and measures that expand competition. In other areas the Administration agrees with the goals, but disagrees with the course of action for achieving them. For example, the targets for workforce reductions ignore the success of reduction efforts to date and, of even more concern, would leave a workforce insufficient to ensure that DOD receives maximum value for its money at a time when procurement budgets are increasing. Also, while the Administration is vigorously promoting the use of purchase cards, their mandatory use is objectionable because it removes the discretion of line officials to use other more economical methods.

The Administration strongly disagrees with some provisions of the bill, including the proposal relating to DOD criminal investigations and audits and required process changes to study and notification requirements that contradict the worthy goals of other competition and outsourcing provisions. The Administration strongly objects to the termination of advisory committee provisions. The establishment of an advisory committee is a tool used by the Executive Branch to carry out its policies. We oppose any Congressional attempt to limit the Executive Branch's ability to carry out its policies. In addition, the Administration objects to the provision that would waive the current lease-purchase scoring rules and other OMB directives for certain Navy ship leases. Lease-purchase is always more expensive than outright purchase, because the government can borrow more cheaply than the private sector.

Also of concern is Title III, which includes amendments to Superfund and other environmental statutes. The Administration is engaged in bipartisan negotiations on comprehensive reform, and consequently strongly opposes these modifications to the programs outside of this process. Finally, H.R. 1778 would provide a reduced offset for early retirement and create separate buyout authority for Defense acquisition personnel. The reduced offset provision is objectionable on grounds of cost, precedent, and equity. The buy out provision lacks the controls and limitations applicable to existing buy out

authority. In fact, it could result in buyout payments being given to someone who is involuntarily separated.

In summary, H.R. 1778 should be returned to Committee so that the Administration and other stakeholders are afforded an opportunity to comment on its wide-ranging provisions.

The Administration, as it continues its review of the bill, may identify other issues, and will work with the Congress to address these concerns and to develop a more acceptable bill.

May 14, 1997
(Senate)

H.R. 1122 - Partial-Birth Abortion Ban Act of 1997
(Solomon (R) NY)

H.R. 1122 contains the same serious flaws as H.R. 1833, an identical bill that was passed during the 104th Congress and vetoed by the President on April 10, 1996. The President will veto H.R. 1122 for the reasons he expressed in his veto message of April 10, 1996, which is attached.

March 20, 1997
(House)

H.R. 1122 - Partial-Birth Abortion Ban Act of 1997
(Solomon (R) NY)

H.R. 1122 contains the same serious flaws as H.R. 1833, an identical bill that was passed during the 104th Congress and vetoed by the President on April 10, 1996. The President will veto H.R. 1122 for the reasons he expressed in his veto message of April 10, 1996, which is attached.

September 30, 1997
(House)

H.R. 1127 - National Monument Fairness Act of 1997
(Hansen (R) UT and 17 others)

The Administration strongly opposes H.R. 1127 and, if it were presented to the President, the Secretary of the Interior would recommend that the bill be vetoed because it would undermine the President's authority to take swift action to protect significant natural, historical, and scientific resources on Federal lands. H.R. 1127 would amend the Antiquities Act to require an Act of Congress and a 180 day consultation period with the Governor for the establishment by the President of national monuments in excess of 50,000 acres in a single state in a calendar year.

The Antiquities Act is one of the most successful environmental laws in American history. Between 1906 and 1997, fourteen Presidents have proclaimed 105 national monuments, including the Channel Islands, Death Valley, the Edison Laboratory, the Statue of Liberty, and the C&O Canal. In this century, every President but three has made use of the Antiquities Act to protect unique Federal lands from potential harm.

The Antiquities Act has historically allowed the President to protect areas that faced very immediate and time-sensitive threats. Grand Canyon National Park was originally protected under the Antiquities Act when it was first proclaimed a national monument by Theodore Roosevelt in order to protect the canyon from mining. When the coastal redwoods stands at Muir Woods in California were threatened by a condemnation lawsuit filed by a power company that wanted to flood the land for a reservoir, the Antiquities Act allowed Theodore Roosevelt to take immediate action to accept the land and protect it. Last year, Muir Woods National Monument was visited by one million people.

Historically, use of the Antiquities Act has not been without controversy. For example, each of the earlier following designations caused Congress to consider amending the Act: the designation of Jackson Hole National Monument, which is now part of Grand Teton National Park, during President Franklin D. Roosevelt's administration; the reservation of 56 million acres of lands in Alaska as national monuments during President Carter's administration; and the recent proclamation of the Grand Staircase-Escalante National Monument. It is clear that without the President's authority to act quickly, many of America's grandest places would never have been protected and preserved for future generations.

The Antiquities Act has a proven track record of protecting especially sensitive Federal land and the unique natural, historic, and scientific objects they hold. These lands have become universally revered symbols of America's beauty and legacy, and the Antiquities Act should not be undermined as proposed in H.R. 1127.

October 24, 1997
(House)

H.R. 1270 - Nuclear Waste Policy Act of 1997
(Upton (R-MI) and 166 cosponsors)

If H.R. 1270, as reported by the Commerce Committee, were presented in its current form, the President would veto the bill. H.R. 1270 would undermine the credibility of the Nation's nuclear waste disposal program by designating a specified site for an interim storage facility before the viability of that site as a permanent geological repository has been assessed.

The Administration is committed to resolving the complex and important issue of nuclear waste storage in a timely and sensible manner. The Federal government's long-standing commitment to permanent, geological disposal should remain the basic goal of high-level radioactive waste management policy. This Administration has instituted planning and management initiatives to accelerate progress on determining the suitability of Yucca Mountain, Nevada, as a permanent geologic disposal site.

H.R. 1270, however, would establish Nevada as the site of an interim nuclear waste storage facility before the viability assessment of Yucca Mountain as a permanent geologic repository is completed. Moreover, even if Yucca Mountain is determined not to be viable for a permanent repository, the bill would provide no plausible opportunity to designate a viable alternative as an interim storage site. Any potential siting decision concerning such a facility ultimately should be based on objective, science-based criteria and guided by the likelihood of the success of the Yucca Mountain site.

In addition, the Administration strongly objects to the bill's weakening of existing environmental standards by preempting all Federal, State, and local laws inconsistent with the environmental requirements of this bill and the Atomic Energy Act. This preemption would effectively replace the Environmental Protection Agency's authority to set acceptable radiation release standards with a statutory standard. In addition, the bill would undermine the purposes of the National Environmental Policy Act by, among other things, creating significant loopholes in the environmental assessment process.

Finally, the completion of a permanent geological repository is essential not only for commercial spent fuel disposal, but also for the cleanup of the Department of Energy's nuclear weapons complex and the disposal of its weapons-grade materials. In addition, these actions are necessary to further U.S. international nuclear nonproliferation objectives. H.R. 1270 would, in the near-term, put interim storage activities in competition with actions needed to complete the permanent geologic repository. Consequently, the bill's enactment could delay the appropriate disposition of our surplus weapons-grade materials.

Pay-As-You-Go Scoring

H.R. 1270 would affect outlays; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. Preliminary estimates indicate that H.R. 1270 would reduce offsetting receipts by \$630 million in each of FYs 1999 through 2001, a total of \$1,890 million, and increase such receipts by \$2,070 million in FY 2002. H.R. 1270 does not contain provisions to offset potential deficit increases in its early years; consequently, if the bill were enacted, any deficit effects could contribute to a sequester of mandatory spending in each of FYs 1999 through 2001.

April 23, 1997
(House Rules)

H.R. 1274 - National Institute of Standards and Technology Authorization Act of 1997
(Morella (R) MD)

The Administration appreciates the support provided in H.R. 1274 for the Commerce Department's important technology programs, and has no objection to House passage of H.R. 1274. The Administration, however, will seek amendments to address the concerns described below. The Administration's support for the final version of H.R. 1274 is contingent on the satisfactory resolution of these concerns.

The Administration will seek to conform the bill's appropriation authorization levels with those proposed in the President's FY 1998 Budget. For example, the Administration will seek to increase authorization levels for:

The Advanced Technology Program (ATP), which is an important means for developing high-risk technologies that are unlikely to be developed in time to compete in rapidly changing world markets without industry and Government partnerships. H.R. 1274 would reduce the amount available for new ATP awards in FY 1998.

The Manufacturing Extension Partnership Program, in order to meet existing commitments for Centers and their management and to provide for nationwide initiatives, including information technology for small and medium-sized manufacturers.

The Office of Technology Policy, in order to accommodate the proposed "Experimental Program to Stimulate Competitive Technology." This program is designed to foster participation in national research and development initiatives by States that have not traditionally participated in such programs.

The Administration will also seek deletion of the following provisions:

The reduction from 50 to 40 percent in the Federal share of certain joint public-private projects under the ATP. The 50-50 cost sharing arrangement is used consistently in Federal research and development projects and should continue to apply to the ATP.

An unprecedented provision that could establish "de facto debarment" of certain grants recipients. (The Administration, however, supports the underlying intent of this provision, which is to provide for increased competition for research and development financial assistance.)

The prohibition on the use of appropriations authorized by H.R. 1274 to "influence legislation pending before the Congress" except for certain "requests for legislation or appropriations." This overly broad prohibition, if applied literally, would inappropriately and unnecessarily limit the ability of this Department to advise Congress and the public of its views on pending legislation. This provision is constitutionally suspect, insofar as it

purports unduly to limit the President's authority to communicate his views through subordinates to Congress and the American people, and should therefore be deleted.

The prohibition on the use of certain funds for the Next Generation Internet, a research investment that is crucial to America's future communications infrastructure.

The "Buy American" provision that could conflict with U.S. obligations under international trade agreements.

April 23, 1997
(House Rules)

H.R. 1275 - Civilian Space Authorization Act
(Rohrbacher (R) CA)

The Administration appreciates the support provided in H.R. 1275 for full funding of all major NASA programs, and has no objection to House passage of H.R. 1275. The Administration, however, will seek amendments to address the concerns described below. The Administration's support for the final version of H.R. 1275 is contingent on the satisfactory resolution of these concerns.

The Administration will seek the following amendments to conform the appropriation authorization levels in H.R. 1275 with the President's FY 1998 Budget:

Deletion of \$376 million in unrequested authorizations above the Budget request of \$13.5 billion and an additional \$68 million in unrequested authorizations earmarked within the Mission to Planet Earth program.

Deletion of restrictions on Space Station research funding and on the transfer of program responsibilities. These restrictions would jeopardize Space Station development at a critical period.

Authorization of advanced appropriations as requested in the FY 1998 Budget.

The Administration shares the Science Committee's concern about delays by the Russian Government and its contractors of their contributions for the International Space Station program, and is working with the Committee to address the issue. The Administration, however, strongly opposes the requirement in H.R. 1275 that the President decide by August 1, 1997, whether to proceed with permanent replacement of certain Russian contributions. This deadline would not allow sufficient flexibility in making this critical decision. The Administration intends to conduct a detailed review of this issue as part of the FY 1999 budget formulation process, and will implement contingency plans, as needed, in a timely manner.

The Administration will also seek amendments to delete:

Restrictions on the transfer of Space Station program responsibilities at any NASA Center. These restrictions would inappropriately impair NASA's ability to manage its programs.

An unprecedented provision that could establish "de facto debarment" of certain grants recipients. (The Administration, however, supports the underlying intent of this provision, which is to provide for increased competition for research and development financial assistance.)

The prohibition on the use of appropriations authorized by H.R. 1275 to "influence legislation pending before the Congress" except for certain "requests for legislation or appropriations." This overly broad prohibition, if applied literally, would inappropriately

and unnecessarily limit the NASA's ability to advise Congress and the public of its views on pending legislation. This provision is constitutionally suspect, insofar as it purports unduly to limit the President's authority to communicate his views through subordinates to Congress and the American people, and should therefore be deleted.

The requirement for the President to submit legislation implementing NASA's recommendations for restructuring its activities.

The prohibition on the use of certain funds for the Next Generation Internet, a research investment that is crucial to America's future communications infrastructure.

The "Buy American" provision that could conflict with U.S. obligations under international trade agreements.

April 23, 1997
(House Rules)

H.R. 1276 - Environmental Research, Development, and Demonstration
Authorization Act of 1997
(Calvert (R) CA)

Although H.R. 1276, as reported, is improved and reflects the bipartisan efforts of the House Science Committee, the Administration opposes the bill because it fails to support investments critical to improving the environment. The funding levels contained in the President's FY 1998 Budget reflect priorities developed as part of a risk-based process. H.R. 1276 would eliminate or significantly reduce the appropriations authorizations for a number of these priorities. For example, the bill would not authorize sufficient appropriations and as a result could adversely affect programs such as the Environmental Monitoring and Tracking Initiative, which would provide critical information to help communities resolve local environmental problems. In addition, authorizations are reduced significantly for the Global Change Research Program and for the Partnership for a New Generation of Vehicles.

Section 7 also contains an overly broad prohibition that, if applied literally, would inappropriately and unnecessarily limit EPA's ability to advise Congress and the public of views on pending legislation. This provision is constitutionally suspect, insofar as it purports unduly to limit the President's authority to communicate his views through subordinates to Congress and the American people, and should therefore be deleted.

Finally, H.R. 1276 contains an unprecedented provision, which should be deleted from the bill, that could establish "de facto debarment" of certain grants recipients. (The Administration, however, supports the underlying intent of this provision, which is to provide for increased competition for research and development financial assistance.)

April 29, 1997
(House)

H.R. 1342 - To Provide for a One-Year Enrollment in the Conservation Reserve Program
(Smith (R) OR)

The Administration strongly opposes H.R. 1342. By automatically extending most expiring conservation reserve contracts without competition for one year, H.R. 1342 would limit the enrollment of environmentally sensitive cropland while continuing the enrollment of potentially productive cropland.

The Administration is committed to completing a review of Conservation Reserve Program (CRP) reenrollment bids to ensure that (1) producers receive a timely response to their requests, and (2) lands granted reenrollment contracts are environmentally sensitive lands appropriate for the CRP. The Secretary of Agriculture has directed the Farm Service Agency to notify producers by late May whether their requests have been approved. The completion of this review process will ensure that viable crop land is placed back into production, thereby making room in the CRP for land where retirement is more environmentally beneficial. H.R. 1342 would seriously undermine this effort.

Pay-As-You-Go Scoring

H.R. 1342 would affect direct spending; therefore, it is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB is still developing its PAYGO estimate for this bill.

May 21, 1997
(House)

H.R. 1377 - Savings Are Vital to Everyone's Retirement Act of 1997
(Fawell (R) IL and 34 cosponsors)

Although the goal of H.R. 1377 is laudable, the Administration believes that the bill is unnecessary. It would require the Department of Labor to conduct specific pension educational activities, and require the President to convene three national pension summits to increase public awareness of the need for retirement savings and develop pension policy recommendations.

Educating the public about retirement savings is an Administration priority. For some time, the Administration has been vigorously conducting many of the same educational activities that H.R. 1377 would require. In addition, the Administration has worked with existing public and private pension advisory bodies, representing a broad range of views and interests, to increase public knowledge of retirement savings needs and to develop broad pension policies, many of which were enacted during the last Congress. The pension summits required by H.R. 1377 would unnecessarily duplicate these ongoing collaborative efforts and divert expertise and resources from them. Although the Administration does not support H.R. 1377, it looks forward to working with Congress to foster further retirement savings education and to enhance the private pension and retirement savings system.

May 15, 1997
(House Floor)

H.R. 1469 -- MAKING EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR RECOVERY FROM NATURAL DISASTERS, AND FOR OVERSEAS PEACEKEEPING EFFORTS, INCLUDING THOSE IN BOSNIA

(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.R. 1469, as reported by the House Appropriations Committee. The Administration appreciates the prompt action of the House Appropriations Committee on the President's supplemental requests. The bill contains \$5.5 billion in urgently needed disaster assistance. To ensure an expeditious response to the tragic natural disasters that continue to afflict hundreds of thousands of citizens in 33 States, and for the efficient operation of our troops abroad, it is essential that this bill remain free of extraneous issues that could slow its progress.

The Administration continues to believe that the requested supplemental funding is for matters truly emergency in nature and, therefore, that the requested funding should not be offset with rescissions. However, recognizing that the House Committee has determined that offsets are to be included in the bill, the Administration has concerns with several of the specific offsets identified in the House Committee bill, which are discussed below. In addition, the Administration objects to certain language provisions, described below.

In the April 23, 1997 letter to the House Appropriations Committee providing the Administration's views on the draft Committee bill, OMB Director Raines described the Administration's concerns with a number of provisions in the Committee bill and urged that the bill be kept free of extraneous provisions. While the Committee bill continues to include a number of objectionable provisions, the Committee addressed several of the Administration's concerns and is free of provisions that would threaten approval of the bill. Regrettably, the rule makes in order an amendment, that if approved, would result in the President vetoing the bill.

"Automatic" Continuing Resolution

It is the Administration's understanding that an amendment will be offered that would create an automatic continuing resolution for FY 1998 based on the McCain-Hutchison language. While the goal of ensuring that the Government does not shut down again in the absence of enacted appropriations is a worthy one, such a provision is clearly extraneous to this emergency disaster relief legislation. The President has indicated that he would veto the bill if such a provision were included in it.

WIC

The President's budget requests a \$100 million FY 1997 supplemental for WIC to maintain the FY 1996 year-end participation level of 7.4 million. Our most recent information from States suggests that a minimum of \$76 million in new budget authority is necessary to maintain the FY 1996 year-end participation level. The funding level proposed by the House Committee would result in State agencies having to cut participation by 150,000 to 200,000 low-income women, infants, and children by year's end. The Administration remains firmly committed to fully funding the WIC program at a participation level of 7.5 million persons in FY 1998 and strongly supports the bipartisan amendment to provide the full \$76 million this year.

Reductions to FEMA Disaster Relief and Other Non-Defense Programs

The Administration would oppose the amendment made in order in the rule which would eliminate \$2.4 billion of FEMA Disaster Relief funds and require the President to reduce non-defense discretionary spending by \$3.6 billion (-1.5%). Enactment of such a reduction two-thirds of the way through the fiscal year would result in reductions of nearly 5% in the final four months of the fiscal year.

Contingent Emergency Fund

On April 23rd, the President requested \$300 million for funding additional emergency expenses arising from the consequences of the devastating flooding in North Dakota, South Dakota, and Minnesota. The President requested that \$200 million of this amount be provided to the Unanticipated Needs account within Funds Appropriated to the President. The Administration appreciates the quick action of the House Committee in providing funding. However, in rejecting the Administration's proposal to provide the \$200 million as a contingency fund in the Unanticipated Needs account, the Committee has failed to provide the flexibility that is essential for the President to respond appropriately to a variety of funding requirements that continue to emerge from the unfolding disaster. We urge the House to adopt the Administration's proposal, which recognizes the substantial uncertainty surrounding the Upper Midwest's enormous needs.

Community Development Block Grant Program

The Administration encourages the House to provide requested supplemental funding for the Community Development Block Grant (CDBG) program. These funds would enable CDBG to repeat its past successes of working in concert with FEMA and other agencies to help victims of disasters rebuild their lives and their homes. The complementary programs of CDBG, FEMA, and SBA hastened the recovery from the 1993 Midwest floods and many other disasters. CDBG programs serve different purposes than SBA and FEMA programs.

The Department of Housing and Urban Development and OMB will work together to establish administrative procedures ensuring that CDBG funds are used to redevelop the affected communities to be viable and disaster-resistant, in a manner that complements other relief and recovery spending. For example, the additional funds could be used to

buy out properties as part of a relocation effort and/or elevate structures out of the flood hazard; to relocate lower-income families from flood plains; and, to provide grants or loans to businesses and families who lack the income, savings, or credit history to qualify for an SBA loan.

Endangered Species Act

The Administration opposes the inclusion in the bill of a waiver of the Endangered Species Act (ESA). Current law already allows Federal agencies to implement effective emergency procedures in order to accommodate the ESA during emergency responses to floods, and these procedures are routinely used and have been used during the recent flood events. While the Administration believes that the February 1997 policy statement issued by the Fish and Wildlife Service adequately addresses emergency situations affected by flooding and that additional legislation is unnecessary, we conclude that the language in the House Bill, as revised in the version of the bill reported by the House Appropriations Committee, is acceptable because it is consistent with that policy and will provide essential flood protection to the American people while maintaining the capability to protect endangered species.

Conservation Reserve Program (CRP)

The Administration objects to language that would restrict CRP sign-ups in FY 1997 to 14 million acres. This action would deny willing landowners the opportunity to enroll land for which the environmental benefits exceed their agricultural production value. In light of the 25 million acres recently offered for CRP enrollment, the provision would at best delay the ability to enroll the optimum number of acres. This provision is also misplaced in this bill because it would not result in any FY 1997 savings. Federal payments on FY 1997-enrolled CRP acres would not begin until FY 1998.

Assisted Housing

The President's FY 1998 Budget requests that Congress appropriate funds sufficient to renew all expiring housing assistance contracts in FY 1998 and all future years. The Administration does not object to funding FEMA's Disaster Relief program through the rescission of \$3.8 billion of recaptured excess reserves in HUD's assisted housing program, provided that the Congress is committed to approving sufficient resources to renew all expiring housing assistance contracts in FY 1998 and future years.

Concerns with Certain Offsets

The Dual Use Applications Program helps to develop and incorporate technologies used and tested by the cost-conscious commercial sector into military systems. By adopting these dual-use technologies, the Department will be able to take advantage of cost savings that flow from the production efficiencies of larger-scale commercial manufacturing lines. Reducing funding for this program would result in higher costs for

future defense systems. This is an Administration priority, and the Administration strongly opposes the rescission contained in the Committee bill.

The Administration strongly objects to rescinding \$1 million of unobligated balances from the Ounce of Prevention Council. Rescission of these funds, which represent roughly one-third of the Council's total funding, would substantially reduce the work of the Council in coordinating crime prevention efforts at the Federal level and assisting the communities to make their neighborhoods safer. The Council is in the process of awarding \$1.8 million for youth substance use prevention grants and evaluating its existing grant programs. The Council has received over 300 applications from communities and community-based organizations from all across the country for these grants.

The Administration strongly objects to the House Committee action that would limit FY 1997 spending from the Fund for Rural America to \$80 million, representing a \$20 million, or 20 percent, reduction. The Fund's creation in the 1996 Farm Bill was a significant factor in the President's decision to sign that legislation because of its mandate to aid farmers, ranchers, and rural residents in their transition to reliance on a market economy. This provision would likely result in an over 40 percent reduction in the agricultural research portion of the Fund's activities this year, significantly reducing programs that would enhance needed information and technological assistance to rural areas.

Restoring Benefits for Certain Legalized Aliens

The Administration has proposed legislation to restore SSI and Medicaid benefits for disabled legal immigrants and children of legal immigrants. To ensure that benefits for needy legal immigrants are not abruptly curtailed, the Administration would strongly support a simple extension of benefits through the end of the fiscal year to all legal immigrants currently receiving SSI. This approach would ensure that the Congress has sufficient time to enact the components of the Administration's legislative proposals, consistent with the recent bipartisan budget agreement, and that SSA has sufficient time to implement the legislation. The Administration supports the amendment made in order in the rule.

Federal Election Commission

The Administration appreciates the provision of \$1.7 million in additional funding for the Federal Election Commission (FEC) in the House Committee version of the bill and would oppose the elimination of these funds. The Administration encourages the House to remove the restrictions on these funds that would require their expenditure on automated data processing systems (ADP). The Administration requested these funds for the express purpose of supporting additional staff and related costs for investigations and audits pursuant to the Federal Election Campaign Act. While additional ADP costs are a component of these investigations, they are not the key purpose of the request.

Supplementals Not Approved

The Administration has requested a \$22.8 million emergency supplemental appropriation for NOAA to fund both hatchery repair and fishery habitat restoration. We are disappointed with the House Committee's view that NOAA's proposed fishery habitat restoration activities are not directly connected to disaster assistance and that only funding for hatchery repair is proposed. The flooding in the Northwest has resulted in direct damage to important fishery habitat. NOAA's proposed habitat restoration activities are intended to address this damage and to mitigate the impact of damage from future floods.

Supplemental funding of \$6.25 million is needed to restore funding for the Nutrition, Education, and Training program of the Department of Agriculture. This funding was unintentionally eliminated when permanent mandatory funds for the program were deleted after Congress had already passed the FY 1997 appropriations act. These funds help to provide basic nutrition education to teachers, food service workers, parents, and children.

Other Issues

Brookhaven National Laboratory. On April 23rd, the President proposed \$19.7 million for the Department of Energy's Brookhaven National Laboratory for activities relating to remediation of groundwater contamination. Appropriate offsets were included in the proposal. The Administration encourages the House to support this proposal.

Devils Lake. The Administration strongly urges the House to include the requested authorization language and construction funding for an emergency outlet at Devils Lake, North Dakota. With the lake at unprecedented levels and having the potential to cause high additional damages, an accelerated emergency process is necessary to reduce the risks of potential flood damages.

Restrictions on Navy Financial Management. The Administration strongly objects to section 2105 of the House Committee bill, which would place extreme restrictions on the conduct of the Navy's financial management. This provision takes the unprecedented step of requiring congressional approval for the hiring of civil service employees within the Department of the Navy, a clear infringement on the Executive Branch's authority to manage its employees. In addition, the provision would require the Navy to submit all reprogrammings for prior approval by the Appropriations Committees, regardless of dollar value. The length of time required to submit such documents and obtain approval would impose an undue burden on the Navy and prevent efficient management of its programs and resources. Further, this provision would condition the President's authority -- and the authority of certain agency officials -- to use funds appropriated by this Act on the approval of Congressional committees. The Administration would interpret such provisions to require notification only, since any other interpretation of such provisions would contradict the Supreme Court Ruling in *INS vs. Chadha*.

River Basin Appointments. The Administration is pleased that the House Committee has included language to allow continued Federal participation on the Susquehanna and Delaware River Basin Commissions. However, the Administration opposes the requirement that the Federal representatives to these Commissions be military officers of the Corps of Engineers. This requirement is overly prescriptive. The President should have the discretion, as he does under the existing compacts, to choose the Federal representatives on these Commissions.

May 13, 1997
(House Rules)

H.R. 1469 -- MAKING EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR RECOVERY FROM NATURAL DISASTERS, AND FOR OVERSEAS PEACEKEEPING EFFORTS, INCLUDING THOSE IN BOSNIA, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1997, AND FOR OTHER PURPOSES

(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.R. 1469, a bill making emergency supplemental appropriations for recovery from natural disasters and for overseas peacekeeping efforts, as reported by the House Appropriations Committee.

The Administration appreciates the prompt action of the House Appropriations Committee on the President's supplemental requests. The bill contains \$5.5 billion in urgently needed disaster assistance. To ensure an expeditious response to the tragic natural disasters that continue to afflict hundreds of thousands of citizens in 33 States, and for the efficient operation of our troops abroad, it is essential that this bill remain free of extraneous issues that could slow its progress.

The Administration continues to believe that the requested supplemental funding is for matters truly emergency in nature and, therefore, that the requested funding should not be offset with rescissions. However, recognizing that the House Committee has determined that offsets are to be included in the bill, the Administration has concerns with several of the specific offsets identified in the House Committee bill, which are discussed below. In addition, the Administration objects to certain language provisions, described below.

In the April 23, 1997 letter to the House Appropriations Committee providing the Administration's views on the draft Committee bill, OMB Director Raines described the Administration's concerns with a number of provisions in the Committee bill and urged that the bill be kept free of extraneous provisions. While the Committee bill continues to include a number of objectionable provisions, the Committee addressed several of the Administration's concerns and is free of provisions that would threaten approval of the bill. Regrettably, the Administration understands that a number of amendments may be made in order that would threaten approval of the bill. The Administration's strong opposition to such provisions are addressed in this statement.

"Automatic" Continuing Resolution

It is the Administration's understanding that an amendment may be made in order in the rule for consideration of this bill that would create an automatic continuing resolution for FY 1998 based on the McCain-Hutchison language. While the goal of ensuring that the

Government does not shut down again in the absence of enacted appropriations is a worthy one, such a provision is clearly extraneous to this emergency disaster relief legislation. The President has indicated that he would veto the bill if such a provision were included in it.

Bosnia

The Administration understands that an amendment may be made in order that would mandate a date certain for withdrawal of U.S. forces from Bosnia. The President's senior advisers would recommend that he veto the bill if such an amendment were adopted. Such an amendment could jeopardize the safety of our troops and damage our national security interests. It would seriously undercut the U.S. commitment to help implement the Dayton Peace Accords and successfully complete the NATO-led mission in Bosnia, resulting in a serious loss in U.S. credibility with the Bosnian parties, with our allies, and with other countries participating in the SFOR operation.

The Administration continues to believe that the duration of SFOR's mission should provide sufficient time to establish conditions to maintain security and stability in Bosnia without an outside military presence. However, this effort can only succeed if the parties and the international community remain assured of U.S. leadership and commitment to peace in Bosnia.

National Testing Initiative

It is the Administration's understanding that an amendment may be made in order that would prohibit the Department of Education from using its Fund for the Improvement of Education (FIE) to support the President's national testing initiative. The President's senior advisers would recommend that he veto the bill if such an amendment were adopted. These voluntary national tests in fourth-grade reading and eighth-grade math would help States and communities ensure that their academic standards are high and that all students master the skills they will need to succeed. The purpose of these national tests is to offer students, along with their parents and teachers, a measure of how well they are performing in comparison to national standards and other students both nationally and internationally. The tests are receiving strong public support -- more than 240 of America's business leaders and three Governors have already endorsed them. FIE is the most appropriate source of funds for the development of these tests, since the program is designed to give the Secretary of Education discretion to fund reform projects of national significance, including strategies for "the assessment of student learning.

RS 2477

The Administration understands that an amendment may be made in order that would prevent the Department of the Interior from promulgating rules on Revised Statute (RS) 2477 and also prohibit implementation of the Department's January 1997 policy guidance on that statute. The Administration would strongly oppose such a provision. The Department's rules and guidance seek to resolve long-standing RS 2477 disputes that

involve right-of-way across Federal lands, including national parks and wilderness areas. The Secretary of the Interior has indicated that he would recommend that the President veto this bill if it were to contain this RS 2477 provision and accompanying report language. The scope of the provision would far exceed a similar but more limited provision in the FY 1997 Interior Appropriations Act. The Administration believes that the January 1997 policy fairly balances the interests of a right-of-way claimant with Federal land planning and management responsibilities. States should not be permitted now to expand rights granted under a 19th century statute that was repealed by Congress more than 20 years ago.

Statistical Sampling for the 2000 Decennial Census

The Administration understands that an amendment may be made in order that would prohibit the Census Bureau from spending funds in FY 1997 for developing a plan for the 2000 decennial census that would use sampling. The Secretary of Commerce has indicated that he would recommend that the President veto the bill if such an amendment were adopted. The provision related to the use of sampling contained in the Senate-passed version of the bill would be acceptable to the Administration.

The inclusion of language prohibiting the Census Bureau from using sampling would be an unprecedented intrusion into the management of the decennial census. Without sampling, the cost of the decennial census will increase as its accuracy, especially with regard to minorities and groups that are traditionally undercounted, decreases. The 1990 decennial census was the first to be less accurate than the one that preceded it. Congress instructed the Census Bureau to consult with the National Academy of Sciences to find a way to improve the results. These experts unanimously recommended that the Census Bureau use some form of statistical sampling in the 2000 decennial census.

Texas Public Assistance Program Amendment

The Administration understands that an amendment may be made in order that would mandate that the Administration approve a proposal by the State of Texas to release a "Request for Offers" that could lead to contracting out large portions of the administration of Federal public assistance programs. The Administration supports the objective of making administration of these programs more efficient. However, the Administration strongly opposes this amendment. Any proposal of the scope of Texas' raises many issues of how to judge contractor performance; fairness to current employees of the State; how to ensure fiscal integrity; the impact on families who depend on these programs, and many other issues. The Administration is working with Texas to resolve these issues, as it would in the case of any such proposal. Congressional action is inappropriate while the Administration is reviewing the proposal.

Contingent Emergency Fund

On April 23rd, the President requested \$300 million for funding additional emergency expenses arising from the consequences of the devastating flooding in North Dakota,

South Dakota, and Minnesota. The President requested that \$200 million of this amount be provided to the Unanticipated Needs account within Funds Appropriated to the President. The Administration appreciates the quick action of the House Committee in providing funding. However, in rejecting the Administration's proposal to provide the \$200 million as a contingency fund in the Unanticipated Needs account, the Committee has failed to provide the flexibility that is essential for the President to respond appropriately to a variety of funding requirements that continue to emerge from the unfolding disaster. We urge the House to adopt the Administration's proposal, which recognizes the substantial uncertainty surrounding the Upper Midwest's enormous needs.

Community Development Block Grant Program

The Administration encourages the House to fully fund the requested \$100 million in supplemental funding for the Community Development Block Grant (CDBG) program. These funds would enable CDBG to repeat its past successes of working in concert with FEMA and other agencies to help victims of disasters rebuild their lives and their homes. The complementary programs of CDBG, FEMA, and SBA hastened the recovery from the 1993 Midwest floods and many other disasters. CDBG programs serve different purposes than SBA and FEMA programs.

The Department of Housing and Urban Development and the Office of Management and Budget will work together to establish administrative procedures ensuring that CDBG funds are used to redevelop the affected communities to be viable and disaster-resistant, in a manner that complements other relief and recovery spending. For example, the additional funds could be used to buy out properties as part of a relocation effort and/or elevate structures out of the flood hazard; to relocate lower-income families from flood plains; and, to provide grants or loans to businesses and families who lack the income, savings, or credit history to qualify for an SBA loan.

WIC

The President's budget requests a \$100 million FY 1997 supplemental for WIC to maintain the FY 1996 year-end participation level of 7.4 million. Our most recent information from States suggests that a minimum of \$76 million in new budget authority is necessary to maintain the FY 1996 year-end participation level. The funding level proposed by the House Committee would result in State agencies having to cut participation by 150,000 to 200,000 low-income women, infants, and children by year's end. The Administration remains firmly committed to fully funding the WIC program at a participation level of 7.5 million persons in FY 1998 and strongly supports the bipartisan Kaptur-Roukema amendment to provide the full \$76 million this year.

Endangered Species Act

The Administration opposes the inclusion in the bill of a waiver of the Endangered Species Act (ESA). Current law already allows Federal agencies to implement effective emergency procedures in order to accommodate the ESA during emergency responses to

floods, and these procedures are routinely used and have been used during the recent flood events. While the Administration believes that the February 1997 policy statement issued by the Fish and Wildlife Service adequately addresses emergency situations affected by flooding and that additional legislation is unnecessary, we conclude that the language in the House Bill, as revised in the version of the bill reported by the House Appropriations Committee, is acceptable because it is consistent with that policy and will provide essential flood protection to the American people while maintaining the capability to protect endangered species.

Conservation Reserve Program (CRP)

The Administration objects to language that would restrict CRP sign-ups in FY 1997 to 14 million acres. This action would deny willing landowners the opportunity to enroll land for which the environmental benefits exceed their agricultural production value. In light of the 25 million acres recently offered for CRP enrollment, the provision would at best delay the ability to enroll the optimum number of acres. This provision is also misplaced in this bill because it would not result in any FY 1997 savings. Federal payments on FY 1997-enrolled CRP acres would not begin until FY 1998.

Assisted Housing

The President's FY 1998 Budget requests that Congress appropriate funds sufficient to renew all expiring housing assistance contracts in FY 1998 and all future years. The Administration does not object to funding FEMA's Disaster Relief program through the rescission of \$3.8 billion of recaptured excess reserves in HUD's assisted housing program, provided that the Congress is committed to approving sufficient resources to renew all expiring housing assistance contracts in FY 1998 and future years.

Concerns with Certain Offsets

The Dual Use Applications Program helps to develop and incorporate technologies used and tested by the cost-conscious commercial sector into military systems. By adopting these dual-use technologies, the Department will be able to take advantage of cost savings that flow from the production efficiencies of larger-scale commercial manufacturing lines. Reducing funding for this program would result in higher costs for future defense systems. This is an Administration priority, and the Administration strongly opposes the rescission contained in the Committee bill.

The Administration strongly objects to rescinding \$1 million of unobligated balances from the Ounce of Prevention Council. Rescission of these funds, which represent roughly one-third of the Council's total funding, would substantially reduce the work of the Council in coordinating crime prevention efforts at the Federal level and assisting the communities to make their neighborhoods safer. The Council is in the process of awarding \$1.8 million for youth substance use prevention grants and evaluating its existing grant programs. The Council has received over 300 applications from

communities and community-based organizations from all across the country for these grants.

The Administration strongly objects to the House Committee action that would limit FY 1997 spending from the Fund for Rural America to \$80 million, representing a \$20 million, or 20 percent, reduction. The Fund's creation in the 1996 Farm Bill was a significant factor in the President's decision to sign that legislation because of its mandate to aid farmers, ranchers, and rural residents in their transition to reliance on a market economy. This provision would likely result in an over 40 percent reduction in the agricultural research portion of the Fund's activities this year, significantly reducing programs that would enhance needed information and technological assistance to rural areas.

Supplementals Not Approved

The Administration has requested a \$22.8 million emergency supplemental appropriation for NOAA to fund both hatchery repair and fishery habitat restoration. We are disappointed with the House Committee's view that NOAA's proposed fishery habitat restoration activities are not directly connected to disaster assistance and that only funding for hatchery repair is proposed. The flooding in the Northwest has resulted in direct damage to important fishery habitat. NOAA's proposed habitat restoration activities are intended to address this damage and to mitigate the impact of damage from future floods.

Supplemental funding of \$6.25 million is needed to restore funding for the Nutrition, Education, and Training program of the Department of Agriculture. This funding was unintentionally eliminated when permanent mandatory funds for the program were deleted after Congress had already passed the FY 1997 appropriations act. These funds help to provide basic nutrition education to teachers, food service workers, parents, and children.

Other Issues

It is the Administration's understanding that an amendment may be made in order in the rule establishing a block grant to States to assist legal immigrants losing their eligibility for Supplemental Security Income (SSI). The Administration would oppose a block grant for this purpose. A block grant would fail to ensure that legal immigrants are provided protections wherever they live in our country and would not provide long-term protection. It would also force States to recreate an administrative structure that already exists for SSI. The Administration would also oppose any amendment to establish a block grant for providing services to legal immigrants under Medicaid. The Administration has proposed legislation to restore SSI and Medicaid benefits for disabled legal immigrants and children of legal immigrants.

To ensure that benefits for needy legal immigrants are not abruptly curtailed, the Administration would strongly support a simple extension of benefits through the end of the fiscal year to all legal immigrants currently receiving SSI. This approach would

ensure that the Congress has sufficient time to enact the components of the Administration's legislative proposals, consistent with the recent bipartisan budget agreement, and that SSA has sufficient time to implement the legislation.

Brookhaven National Laboratory. On April 23rd, the President proposed \$19.7 million for the Department of Energy's Brookhaven National Laboratory for activities relating to remediation of groundwater contamination. Appropriate offsets were included in the proposal. The Administration encourages the House to support this proposal.

Devils Lake. The Administration strongly urges the House to include the requested authorization language and construction funding for an emergency outlet at Devils Lake, North Dakota. With the lake at unprecedented levels and having the potential to cause high additional damages, an accelerated emergency process is necessary to reduce the risks of potential flood damages.

Restrictions on Navy Financial Management. The Administration strongly objects to section 2105 of the House Committee bill, which would place extreme restrictions on the conduct of the Navy's financial management. This provision takes the unprecedented step of requiring congressional approval for the hiring of civil service employees within the Department of the Navy, a clear infringement on the Executive Branch's authority to manage its employees. In addition, the provision would require the Navy to submit all reprogrammings for prior approval by the Appropriations Committees, regardless of dollar value. The length of time required to submit such documents and obtain approval would impose an undue burden on the Navy and prevent efficient management of its programs and resources. Further, this provision would condition the President's authority -- and the authority of certain agency officials -- to use funds appropriated by this Act on the approval of Congressional committees. The Administration would interpret such provisions to require notification only, since any other interpretation of such provisions would contradict the Supreme Court Ruling in *INS vs. Chadha*.

Federal Election Commission. The Administration appreciates the provision of \$1.7 million in additional funding for the Federal Election Commission (FEC) in the House Committee version of the bill, but encourages the House to remove the restrictions on these funds that would require their expenditure on automated data processing systems (ADP). The Administration requested these funds for the express purpose of supporting additional staff and related costs for investigations and audits pursuant to the Federal Election Campaign Act. While additional ADP costs are a component of these investigations, they are not the key purpose of the request.

River Basin Appointments. The Administration is pleased that the House Committee has included language to allow continued Federal participation on the Susquehanna and Delaware River Basin Commissions. However, the Administration opposes the requirement that the Federal representatives to these Commissions be military officers of the Corps of Engineers. This requirement is overly prescriptive. The President should

have the discretion, as he does under the existing compacts, to choose the Federal representatives on these Commissions.

June 2, 1997
(House Rules)

H.R. 1486 - Foreign Policy Reform Act
(Gilman (R) New York)

The Administration supports the overall fiscal year 1998 appropriation authorization levels in H.R. 1486, as reported by the International Relations Committee. In the aggregate, these levels conform to those provided in the House-passed Budget Resolution. The Administration also commends the Committee for providing important new authorities, as requested by the Administration, to carry out U.S. foreign relations. These include provisions which constructively extend the President's special authorities in the Foreign Assistance Act.

Several very objectionable amendments, which are described below or in the attachment, have been submitted to the Rules Committee for its consideration in granting a rule for H.R. 1486. Of particular concern are amendments that would: (1) authorize foreign affairs programs at levels below those provided for in the 1998 Budget Resolution; (2) micromanage the planned reorganization of the foreign affairs agencies; (3) establish prejudicial conditions and restrictions on the payment of arrears to international organizations; and (4) impose unwarranted restrictions on international family planning programs. In addition, there are other amendments, as well as provisions of the bill, which would restrict the President's ability to conduct foreign relations. If any of these amendments are included, alone or in combination, in the bill presented to the President, his senior advisers would recommend that H.R. 1486 be vetoed .

Foreign Affairs Appropriation Authorization Levels

The appropriation authorization levels in H.R. 1486, in the aggregate, are consistent with the Budget Agreement for fiscal year 1998. The Administration, therefore, would strongly oppose any amendments to reduce foreign affairs authorizations below those levels or, in the case of the Arms Control and Disarmament Agency (ACDA), to delete the Agency's entire authorization for fiscal years 1998-1999. The Administration also urges the House to provide appropriation authorization levels in FY 1999 consistent with the Budget Agreement.

Foreign Affairs Reorganization

H.R. 1486 should permit bipartisan movement towards the common goal of reorganizing and reinventing the State Department, ACDA, U.S. Information Agency (USIA), and the Agency for International Development (AID). The Administration supports the Hamilton amendment on reorganization, which will achieve this goal.

The Administration strongly opposes a Gilman-sponsored amendment that would mandate many of the details on how to implement such a complex reorganization, thereby prejudging how the foreign affairs agencies are to be restructured. Such a

directive would be incompatible with the flexibility needed by the President to reorganize the foreign affairs agencies to meet the challenges of the 21st century.

International Organizations (IO) Arrears

The Administration is pledged to reforming the United Nations (UN) and other international organizations while enhancing U.S. credibility by paying arrearages -- a top priority of the Administration. The Administration has been working with the Congress to identify specific reform benchmarks, but there is a limit to what can reasonably be negotiated with other sovereign member states. While the Administration supports the Hamilton UN reform amendment, it strongly opposes the Gilman-sponsored amendment because it would push well beyond such limits and would set back chances for progress on this important matter. Other amendments which may be considered could actually undermine the ability of the United States to exercise leadership and to work effectively with the UN.

International Family Planning

The Administration strongly opposes the Smith amendment that attempts to impose statutory restrictions on funding for international family planning programs along the lines of the so-called Mexico City policy. Such limitations harm safe, voluntary family planning programs which are needed to reduce unintended pregnancies, child and maternal deaths, and the incidence of abortion.

Foreign Relations Restrictions

The Administration welcomes expressions in the bill of support for an "open door" approach to NATO enlargement, so that Alliance membership will remain open to other Central and Eastern European democracies after the first state or states are invited to join. Conversely, the Administration would oppose amendments requiring the President to differentiate among prospective members and rate publicly their relative preparedness to join the Alliance. Similarly, the Administration would oppose amendments seeking to stipulate the content of the Founding Act which the NATO members have already signed with Russia.

H.R. 1486 also contains additional highly objectionable provisions that would restrict the President's ability to conduct foreign policy. For example, there are restrictions related to Jerusalem and limits placed on assistance to Russia. These and other concerns are described further in the attachment. The Administration will seek to modify or delete these provisions as the legislative process continues. Finally, other objectionable amendments have been proposed that would severely restrict the President's authorities and make it harder for any Administration to react to unanticipated contingencies.

The Administration is continuing to review H.R. 1486 and may seek further changes to the bill as the legislative process continues.

Pay-As-You-Go Scoring

H.R. 1486 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may differ from these estimates.

November 4, 1997
(House)

H.R. 1493 -Criminal Alien Identification
(Gallegly (R) California and 33 cosponsors)

The Administration maintains a strong commitment to identifying and removing criminal and other deportable aliens and will work with Congress to enhance partnerships that work effectively to meet these goals.

The Administration opposes House passage of H.R. 1493, because it could hinder efforts to target the worst and most serious offenders -- i.e., aliens already incarcerated for criminal convictions. The bill would require the Attorney General, subject to appropriations, to identify certain illegal aliens or aliens subject to deportation from among those who are incarcerated in selected local prisons prior to their arraignment on criminal charges. At least one Immigration and Naturalization Service (INS) employee would have to be detailed full-time to each facility. H.R. 1493 would, in effect, require the INS to refocus resources on individuals who have not been arraigned and may not be deportable.

October 21, 1997
(House Rules)

H.R. 1534 - Private Property Rights Implementation Act of 1997
(Rep. Gallegly (R) CA and 236 others)

The Administration strongly opposes H.R. 1534 because it would shift authority over State and local land use issues to Federal courts, creating a threat of expensive litigation that would favor the wealthy developer over the common homeowner. This shift entails radical changes to the existing legal doctrines of ripeness and abstention, and would result in judicial inefficiencies and confusion. The Attorney General, the Secretary of the Interior, the Administrator of the Environmental Protection Agency, and the Chair of the Council on Environmental Quality would recommend that the President veto H.R. 1534, as reported by the House Judiciary Committee.

The Administration is fully committed to the protection of private property, including the payment of just compensation under the Fifth Amendment when private property is taken for public use. H.R. 1534, however, would harm neighboring property owners, weaken local public health and environmental protections, and lower the quality of life in a community by undermining the ability of local officials to protect their communities through local land use planning. The changes to "ripeness" and "abstention" doctrines would allow claimants to bring premature and inappropriate lawsuits in Federal court, thereby shifting authority to Federal courts at the expense of local community officials. The shift would give claimants excessive leverage in their dealings with local officials through the threat of premature, expensive litigation.

H.R. 1534 would also prohibit Federal courts from deferring to State courts on certain delicate issues of State law. H.R. 1534 would violate constitutional limits on congressional power if read, as its supporters intend, to allow for a ruling that an uncompensated taking has occurred even when a claimant has declined to pursue available State remedies.

By sending premature lawsuits to already overcrowded Federal courts, H.R. 1534 would delay the resolution of other pending claims. It could also lead to poorly informed decisions by instructing Federal courts to adjudicate property claims without an adequate factual record.

In summary, H.R. 1534 would improperly and seriously interfere with needed property right protections at all levels of government, especially local protections for neighborhoods and communities.

November 4, 1997
(House)

H.R. 1702 - Commercial Space Act of 1997
(Sensenbrenner (R) Wisconsin and 12 cosponsors)

The Administration supports passage of H.R. 1702 if it is amended to:
Assure that America's national security, international obligations, and foreign policies receive proper consideration in issuing licenses for Land Remote Sensing;

Promote continued educational, scientific, and governmental access to land remote sensing data; and

Delete provisions which preempt issues currently being resolved in rulemaking or create concerns regarding program administration.

The amendments necessary to accomplish these objectives have been provided to the House Science Committee by the Administration.

Pay-As-You-Go Scoring

H.R. 1702 would affect direct spending and receipts; therefore it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. This Office's preliminary estimate is that the net impact of H.R. 1702 on the deficit would be less than \$500,000 per year.

June 4, 1997
(House)

H.R. 1757 - Foreign Relations Authorization Act, Fiscal Years 1998 and 1999
(Gilman (R) New York)

The Administration strongly opposes Division A of H.R. 1757, as reported by the Rules Committee, which would micromanage the planned reorganization of the foreign affairs agencies. Moreover, under the open rule for the bill, several very objectionable amendments, which are described below or in the attachment, may be considered. Of particular concern are amendments that would: (1) authorize foreign affairs programs at levels below those provided for in the 1998 Budget Resolution; (2) establish unreasonable conditions and restrictions on the payment of arrears to international organizations; and (3) impose unwarranted restrictions on international family planning programs. In addition, there are other amendments, as well as provisions of the bill, which would restrict the President's ability to conduct foreign relations. If Division A or any of these amendments are included, alone or in combination, in the bill presented to the President, his senior advisers would recommend that H.R. 1757 be vetoed

Foreign Affairs Reorganization

H.R. 1757 should permit bipartisan movement towards the common goal of reorganizing and reinventing the State Department, ACDA, U.S. Information Agency (USIA), and the Agency for International Development (AID). The Administration strongly opposes the reorganization provisions that were added to the bill without hearings, debate, or consideration by the International Relations Committee. These provisions would mandate many of the details on how to implement such a complex reorganization, thereby prejudging how the foreign affairs agencies are to be restructured. Such a directive would be incompatible with the flexibility needed by the President to reorganize the foreign affairs agencies to meet the challenges of the 21st century. The Administration, however, supports the Hamilton amendment on reorganization, which will achieve our common objective.

In addition, statutory requirements to create certain positions and specify criteria for personnel positions and bureaus (sections 1301, 1303, 1304, 1305, and 1306) undermine the Administration's ability and authority to organize the Department of State and manage U.S. foreign affairs. These and other restrictions on foreign service staffing levels, (particularly section 1326) along with proposed amendments which would require counterproductive reductions in AID staffing levels, are particularly problematic. This is especially true at a time when the Administration is working to implement the President's plan to restructure foreign affairs agencies.

Foreign Affairs Appropriation Authorization Levels

The appropriation authorization levels in H.R. 1757, in the aggregate, are consistent with the Budget Agreement for fiscal year 1998. The Administration, therefore, would

strongly oppose any amendments to reduce foreign affairs authorizations below those levels or, in the case of the Arms Control and Disarmament Agency (ACDA), to delete the Agency's entire authorization for fiscal years 1998-1999. The Administration also urges the House to provide appropriation authorization levels in FY 1999 consistent with the Budget Agreement.

International Organizations (IO) Arrears

The Administration is pledged to reforming the United Nations (UN) and other international organizations while enhancing U.S. credibility by paying arrearages -- a top priority of the Administration. The Administration has been working with the Congress to identify specific reform benchmarks, but there is a limit to what can reasonably be negotiated with other sovereign member states. While the Administration supports the Hamilton UN reform amendment, it strongly opposes the other amendments which may be considered that could actually undermine the ability of the United States to exercise leadership, achieve significant reform, and to work effectively with the UN.

International Family Planning

The Administration strongly opposes the Smith amendment's restrictions on international family planning programs, which go far beyond those contained in current law. These restrictions would severely undermine U.S. leadership in international population assistance efforts. The result of the amendment's provisions would be an increased incidence of unintended pregnancy, maternal and infant death, and abortion. These restrictions would put in jeopardy funding to the most experienced and qualified family planning and maternal-child health care providers working at the grassroots level to meet the growing demand for family planning and other critical health services in developing countries. The amendment, in effect, would impose in statute, limitations on international family planning assistance that were rejected by the Administration when it overturned the so-called Mexico City policy. The Administration remains adamant in its opposition to both the intent and the effect of this unacceptable amendment.

Foreign Relations Restrictions

H.R. 1757 also contains additional highly objectionable provisions that would restrict the President's ability to conduct foreign policy. For example, there are restrictions related to Jerusalem, which the Administration strongly opposes. The Administration's concerns are described further in the attachment. The Administration will seek to modify or delete these provisions as the legislative process continues. Finally, other objectionable amendments have been proposed that would severely restrict the President's authorities and make it harder for any Administration to react to unanticipated contingencies.

The Administration is continuing to review H.R. 1757 and may seek further changes to the bill as the legislative process continues.

H.R. 1758, "The European Security Act of 1997"

The Administration welcomes congressional support for enlargement of the NATO Alliance, as reflected in H.R. 1758. This "open door" approach to NATO enlargement will allow Alliance membership to remain open to other Central and Eastern European democracies after the first state or states are invited to join. Conversely, the Administration would oppose amendments requiring the President to differentiate among prospective members and rate publicly their relative preparedness to join the Alliance.

Pay-As-You-Go Scoring

H.R. 1757 could increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimate is that the PAYGO effect of this bill is zero. Final scoring of this legislation may deviate from this estimate.

July 9, 1997
(House)

H.R. 1775 - Intelligence Authorization Act for Fiscal Year 1998
(Goss (R) FL)

The Administration has concerns regarding H.R. 1775 and will work with the conferees to resolve problems in the bill and the classified annex as noted below. The Administration appreciates the Permanent Select Committee on Intelligence's support for granting the Central Intelligence Agency (CIA) the authority to enter into multiyear leases and to establish a central services working capital fund. The Administration also welcomes the provision concerning protection of CIA facilities.

The Administration objects to several new intelligence acquisition programs, particularly in the National Reconnaissance Office, that were not requested in the President's Budget. These starts would drain resources from higher priorities, particularly in future years when the cost of the starts would increase significantly.

The Administration also objects to several restrictions placed on high priority intelligence programs until future reports, panels, or Committee actions are completed. Such restrictions -- referred to in the classified report language as "fences" or "caps" -- would hinder the Administration's ability to manage these intelligence programs and place in jeopardy the Intelligence Community's ability to support future military operations.

Finally, the Administration opposes section 607, which discontinues the Defense Space Reconnaissance Program, and section 608, which terminates the Defense Airborne Reconnaissance Office. The Secretary of Defense has created a Defense Reform Task Force to examine ways to consolidate functions, eliminate duplication, and improve the efficiency of these programs. The Administration prefers to await the Task Force's November 1997 report before deciding the future of these offices.

November 7, 1997
(House)

H.R. 1842 - To Terminate Further Development and Implementation
of the American Heritage Rivers Initiative
(Chenoweth (R) ID and 46 others)

The Administration strongly opposes H.R. 1842 and, if it were presented to the President, the President's senior advisors would recommend that he veto the bill. H.R. 1842 would terminate the American Heritage Rivers Initiative (AHRI) by prohibiting Federal agencies from using any funds to carry out the initiative.

The AHRI is an important Presidential initiative that supports community-led efforts to revitalize local economies, protect natural resources, and preserve historic and cultural resources. The initiative would identify ten community-nominated rivers to be designated as American Heritage Rivers in 1998. Those rivers would receive focused Federal support to facilitate access to Executive branch agencies and existing programs. The designated rivers would serve as models of the most innovative, successful, and sustainable approaches to river restoration and community revitalization across the United States. The AHRI seeks to create a government that works better and costs less by focusing on customer service, developing partnerships, and delegating power to State and local governments. The AHRI is voluntary and locally driven. It will create no new regulatory requirements nor will it affect the decision making processes of State, tribal, or local governments.

Rivers are an integral part of our Nation's history and provide avenues for trade, recreation, habitat for wildlife, routes for exploration, and opportunities for commerce, agriculture, and forestry. The AHRI will use existing Federal resources more effectively to assist community revitalization of waterfronts by enhancing the historic, cultural, recreational, touristic, agricultural, economic, public health, and environmental values of our Nation's rivers.

July 17, 1997
(House)

H.R. 1853 - Carl D. Perkins Vocational-Technical Education Act Amendments of 1997
(Rep. Riggs (R) CA and 3 others)

The Administration is committed to enactment of legislation to reauthorize vocational-technical education programs, including a separate tech-prep program, as proposed in H.R. 1853. The Administration has serious reservations about H.R. 1853, but does not oppose House passage of the bill. The Administration will work to improve the bill in the Senate.

In its present form, the bill:

Fails to ensure grantees' accountability for Federal funds to assist students in attaining the advanced academic and occupational skills that are necessary for high-skill, high-wage careers. It does not ensure the establishment of challenging performance goals/objectives or the joint development of core performance indicators with the Federal Government, States, and other important stakeholders to measure program effectiveness across all States and local areas. As a result, it is highly unlikely that the Department of Education would be able to meet performance objectives envisioned under the Government Performance and Results Act.

Insufficiently emphasizes program quality and effectiveness by: (1) limiting the ability of States to design and implement programs to attain industry-recognized skill standards; (2) providing insufficient resources for State leadership and administration; and (3) reducing the reasonable minimum local grant size below current law.

Fails to provide for adequate intra-State targeting of program funds to schools and postsecondary institutions with the greatest need for funds.
Pay-As-You-Go Scoring

H.R. 1853 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB estimates that H.R. 1853 would decrease direct spending by \$1 million in FY 1998 and a total of \$29 million during FYs 1998-2002.

September 15, 1997
(House)

H.R. 1903 - Computer Security Enhancement Act
(Sensenbrenner (R) Wisconsin and 29 others)

The Administration appreciates the support provided in H.R. 1903 for reinforcing the role of the Commerce Department, especially the National Institute of Standards and Technology (NIST), in its work to promote strong computer security practices. However, the Administration opposes House passage of H.R. 1903, the Computer Security Enhancement Act of 1997, unless it is amended to delete Section 7.

Section 7 would require NIST to evaluate the foreign availability and strength of encryption technologies subject to U.S. export controls. The regulations that implement U.S. export control policy already provide a mechanism for assessing availability and strength of foreign encryption products. The Administration believes that the availability of encryption technologies from sources outside the United States is but one of many factors that should bear on export control determinations. Moreover, Section 7 would inappropriately put NIST, a non-regulatory agency, in the position of second guessing the existing export control process.

The Administration also recommends deletion of four other provisions of H.R. 1903:

Section 6, which would require NIST to obtain written recommendations from the Computer System Security and Privacy Advisory Board prior to submitting proposed standards and guidelines for Federal computer security to the Secretary of Commerce. NIST always solicits the views of the Board on proposed standards for Federal computer security in conjunction with its notice and comment process. A requirement for formal written Board comment and recommendations, however, would add significant delay to an already lengthy standards-setting process.

Section 8, which would prohibit NIST from adopting standards or carrying out activities or policies for the establishment of encryption requirements for use in non-Federal computer systems. NIST does not develop or issue any required standards for the private sector, but does collaborate with private sector voluntary consensus standards organizations on standards that will serve both commercial and government interests. This provision could be read to preclude such collaboration.

Sections 13(3) and 14, which direct the Under Secretary of Commerce for Technology to promote the establishment of a national standards-based infrastructure to support commercial and private uses of encryption, and to establish a national policy panel for digital signatures. Efforts are underway in the private sector to develop agreed-upon digital signature standards, and it is premature to mandate Federally-sponsored national standards at this time. At a minimum, these provisions should not be interpreted to preclude on-going private sector efforts to develop a standard-based infrastructure for confidentiality and authentication.

July 23, 1997
(House Floor)

H.R. 2003 Budget Enforcement Act of 1997
(Reps. Barton (R) TX and Minge (D) MN and 63 cosponsors)

The Administration is committed to enactment of meaningful budget enforcement. Consistent with the bipartisan budget agreement, both the House-passed and Senate-passed reconciliation bills include effective budget enforcement mechanisms: (1) establishment of statutory discretionary caps through 2002, enforced by the current law sequester mechanism; (2) extension of PAYGO restrictions on new mandatory spending and revenue losses; and (3) protection of the reconciliation savings by reducing PAYGO balances to zero. We strongly support these important budget enforcement provisions. However, the Administration is unable to support H.R. 2003 because it would impose an unworkable and unadministrable system of constraints and automatic triggers on the Federal Budget. The bill calls for a complicated series of projections and findings that could result in automatic entitlement cuts and tax cut suspensions that would be unprecedented in the Federal budgeting system. Following are a few of the practical difficulties raised by the bill.

Automatic suspension of tax cuts. The automatic mechanism proposed by H.R. 2003 is unworkable. The bill would call for certain tax cuts over the next five years to be suspended depending on year-to-year revenue estimates. This would hinder orderly tax planning. Moreover, the automatic tax mechanism is arbitrary -- it does not affect all taxes, or even all tax benefits, but only those tax benefits that happen to be coming into effect at the time the revenue estimate is calculated.

Automatic Benefit Cuts. Slight changes in demographic factors would cause benefits to change for millions of Americans. For example, if the actuaries of a retirement program change their projections of earned benefits, based on revised earnings histories of new retirees, that estimating change would trigger a sequester of that retirement program.

Unworkable Entitlement Cuts. The bill would create complicated, unintended interactions. For example, the bill requires that a sequester in Medicaid be accomplished by reducing Federal matching payments to States. However, the bill does not change the Medicaid entitlement, and States would therefore be required to provide the same services with less Federal funds -- which might be considered a new unfunded mandate. Another example: one-half of the sequester for Medicare Parts A and B would come solely from increasing premiums on beneficiaries under Part B.

Inconsistent treatment of taxes and entitlements. Baseline tax revenue is given allowance for growth and inflation, but entitlement spending may increase for inflation and beneficiaries only for programs enacted prior to July 1, 1997. Further, spending sequesters are permanent; the tax cuts suspensions end no later than 2002.

Undermines PAYGO. The bill would prevent Congress from making changes in current tax or entitlement law, even if those changes were fully paid for under the pay-as-you-go provision of current law. Entitlements could not be expanded, even if paid for by tax increases, nor could new tax cuts be paid for by reductions in entitlements.

Further cuts discretionary spending levels. The bill would, in effect, cut spending under the discretionary caps by one percent, approximately \$27 billion over five years, to establish an emergency reserve. It also assumes zero growth in spending after 2002.

Sequesters or tax suspensions could occur even if there is a surplus . Finally, the bill does not address the relationship between its requirements and actual deficit or surplus levels. Under the bill, even if there is a surplus in a particular year, sequesters could be imposed on entitlement programs, and tax cuts could be automatically triggered off.

We recognize that the sponsors believe these effects will not occur in practice because of the expedited procedures for Congressional action contained in the bill. However, the Administration believes that the policy choices inherent in the bill as written are very problematic.

For these reasons, the Administration cannot support H.R. 2003 and urges the conferees to include in Reconciliation, the extensions of PAYGO and discretionary caps as provided for in the bipartisan budget agreement.

September 29, 1997
(House)

H.R. 2007 - Canadian River Reclamation Project
(Rep. Thornberry (R) TX and 2 others)

The Administration, while supporting the underlying purpose of H.R. 2007, believes the bill is unnecessary and strongly opposes it in its current form. The bill's purpose is to enable a local water district in Texas to use Federal project facilities to convey additional waters to the community that it serves. As reported by the Resources Committee, however, H.R. 2007 could unfairly transfer certain costs to U.S. taxpayers and could also be construed as waiving important provisions of environmental law.

July 22, 1997
(Senate Floor)

H.R. 2016 -- MILITARY CONSTRUCTION APPROPRIATIONS
BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Burns (R), Montana)

This Statement of Administration Policy provides the Administration's views on H.R. 2016, the Military Construction Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration objects to the reallocation of national defense funds from Department of Energy programs to Department of Defense programs, including military construction programs, an action that we believe is an unacceptable deviation from our understanding of the Bipartisan Budget Agreement.

Unrequested Programs Added by the Committee

The Committee has added \$955 million to the President's request, for 103 specific unrequested projects and other programs, partially offset by \$155 million in reductions to requested programs and other adjustments. Although much of the unrequested funding is for items that are consistent with DOD's long-range military construction plans, \$116 million would be used for low priority items that are not in DOD's long-range plans. It is particularly unfortunate that funding for the projects that are not in DOD's long-range plans has been added at the expense of higher priority programs in the President's request. The Administration believes that unrequested funding should be deleted, and funding for requested programs should be restored.

Other Objectionable Features

The Administration objects to the Committee's:

Appropriation of only \$36 million of the \$63 million requested for construction of the U.S. Disciplinary Barracks at Ft. Leavenworth, Kansas. The Administration opposes incremental funding of this project and urges the Senate to provide the full amount of the request.

Failure to include requested authority that would enable the Secretary of Defense to transfer appropriations within the appropriation accounts in the Military Construction Appropriations Act. Similar transfer authority in Defense Appropriations Acts has been used with great success to meet unplanned requirements, without reducing the opportunity for congressional oversight.

Reduction of \$11 million from the \$30 million request for Defense-wide planning and design. This reduction would delay construction of many of the strategic fuel storage projects that are required to meet operating plans.

July 8, 1997
(House Floor)

H.R. 2016 - MILITARY CONSTRUCTION APPROPRIATIONS BILL,
FY 1998

(Sponsors: Livingston (R), Louisiana; Packard (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 2016, the Military Construction Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. The Administration objects to the reallocation of national defense funds from Department of Energy programs to Department of Defense programs, including military construction programs, an action that we believe is an unacceptable deviation from a clear term of the Bipartisan Budget Agreement. Your consideration of the Administration's view would be appreciated.

Unrequested Programs Added by the Committee

The Committee has added \$886 million to the President's request, for 94 specific, unrequested projects and other programs, partially offset by \$86 million in reductions to requested programs and other adjustments. Although much of the unrequested funding is for items that are consistent with DOD's long-range military construction plans, almost \$200 million would be used for low priority items that are not in DOD's long-range plans. It is particularly unfortunate that funding for the projects that are not in DOD's long-range plans has been added at the expense of higher priority programs in the President's request. The Administration believes that unrequested funding should be deleted, and funding for requested programs should be restored.

Other Objectionable Features

The Administration objects to the Committee's:

Appropriation of only \$20 million of the \$63 million requested for construction of the U.S. Disciplinary Barracks at Ft. Leavenworth, Kansas. The Administration opposes incremental funding of this project and urges the Committee to provide the full amount of the request.

Failure to include requested authority that would enable the Secretary of Defense to transfer appropriations within the appropriation accounts in the Military Construction Appropriations Act. Similar transfer authority in Defense Appropriations Acts has been used with great success to meet unplanned requirements, without reducing the opportunity for congressional oversight.

Reduction of \$21 million from the \$30 million request for Defense-wide planning and design. This reduction would delay construction of many of the strategic fuel storage projects that are required to meet operating plans.

September 23, 1997
(House)

H.R. 2027 - Canadian Border Boat Landing Permits
(LaTourette (R) Ohio)

The Administration opposes House passage of H.R. 2027, which would exempt certain passengers entering the United States by boat along the U.S.-Canadian border from having to obtain a landing permit (form I-68). The bill is likely to create confusion because it would apply only to a small number of boaters and even those boaters would continue to be subject to U.S. Customs entry requirements.

The Administration is currently implementing a pilot program that is intended to achieve the objectives of H.R. 2027. Under the pilot, inspection via video-phone takes the place of a form I-68 and also serves as a Customs entry check.

September 11, 1997
(Senate Floor)

H.R. 2107 -- DEPARTMENT OF THE INTERIOR
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Gorton (R), Washington)

This Statement of Administration Policy provides the Administration's views on H.R. 2107, the Department of the Interior and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. The Administration recognizes and appreciates that the Senate Committee bill eliminates some of the more objectionable provisions included in the bill as passed by the House. Unfortunately, a number of new objectionable provisions have been added by the Committee. These include provisions that would infringe on Native American sovereignty and potentially have severe consequences for other tribal programs, which would also conflict with the Balanced Budget Agreement by restricting the use of Interior's Tribal Priority Allocation (TPA) funding. Other objectionable provisions of the Committee bill would interfere with the conduct of various natural resources programs and activities. For example, certain provisions would prohibit funding for an ongoing rulemaking on hardrock mining, limit the ability of the Forest Service to revise forest plans, and prohibit funding for grizzly bear reintroduction into Idaho and Montana.

In addition, the Committee bill contains provisions that violate the Bipartisan Budget Agreement (BBA), such as a provision to require additional, unnecessary authorizing language for key land acquisition in Montana and California. The Administration urges the Senate to strike these provisions from the bill.

If such policies were adopted, particularly in light of other concerns raised in this Statement of Administration Policy, the President's senior advisers would recommend that he veto the bill.

The Administration will also seek restoration of certain of the Committee's reductions to the President's requests. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Senate toward achieving acceptable funding levels. The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks.

Department of the Interior

Land Acquisition. The Administration commends the Committee for providing the \$700 million in FY 1998 budget authority from the Land and Water Conservation Fund as

agreed to in the Bipartisan Budget Agreement (BBA). However, the Administration does not believe that additional authorizing language is required for Yellowstone and Headwaters and strongly objects to making the funding of these acquisitions contingent upon enactment of specific authorizing legislation, which could indefinitely delay expenditures and, therefore, violate the intent of the BBA. If this restriction is removed, the Committee's action would provide the funding mechanism for acquisition of the Crown Butte Mining property (MT) on the border of Yellowstone National Park and the purchase of Headwaters Forest, the last great stand of ancient redwoods in private hands in California. It will also allow the Federal land managing agencies to address other critical land acquisition needs.

The Administration also objects to the \$21 million, or 30 percent, reduction in requested funding for regular National Park Service Land Acquisition and State Assistance, an account protected in the BBA. This reduction was accomplished primarily by providing only \$3 million of the \$22 million requested as part of efforts to restore the Elwha River in Olympic National Park in Washington.

Native American Program Riders. The BBA specifies that the Bureau of Indian Affairs (BIA) Tribal Priority Allocation funds (TPA), used to support basic services on Indian reservations across the Nation, are protected. Section 118 of the Committee bill would require a means-test distribution formula of TPA funds, and section 120 would require tribes to waive sovereign immunity in order to accept TPA funds. The Administration strongly objects to both sections, which would conflict with the BBA by restricting the use of TPA funds.

Bill language requiring a needs-based distribution of TPA funds beginning in FY 1999 is contrary to U.S. trust and treaty obligations and tribal sovereignty. In addition, the \$76.5 million TPA increase in FY 1998 would be withheld until BIA develops a means-test distribution formula. Some programs in TPA are already allocated based on need, and the Department is willing to continue to examine the basis for allocating other program funds. However, the proposal to means test all TPA funding is based on the false premise that many tribes have sizable independent revenues.

Equally objectionable is the section providing that tribal acceptance of TPA funding shall "waive any claim of immunity by that Indian tribe" and subject the tribe to Federal court jurisdiction. Sovereign immunity protects governments from involuntary depletion of their treasuries, and waivers of sovereign immunity are ordinarily fashioned in a manner that protects government operations. The proposed categorical waiver of tribal sovereign immunity would undermine the ability of tribes to perform government functions and jeopardize their solvency.

Surface Impacts of Hardrock Mining. The Administration strongly objects to section 339 of the Committee bill, which would prohibit the use of funds for an ongoing Department of the Interior (DOI) rulemaking to update rules on surface management of hardrock mines until the Secretary of the Interior establishes a Federal-State advisory committee that would prepare a "consensus" report for Congress on the relationship of State and

Federal surface management policies. This rulemaking was initiated in the Bush Administration and addresses regulatory shortcomings that were identified as far back as the Reagan Administration. DOI is developing the rule under the Secretary's statutory authority to prevent "unnecessary or undue degradation" of public land in order to protect the environment and avoid the need for future expensive, taxpayer-funded cleanups. The process has included extensive consultation with Western State governments and the Western Governors Association on many issues, including current State regulatory efforts. If general agreement is required on this complex subject, on which the States themselves do not agree, one or more States could have the ability to block necessary environmental improvements from going forward.

Endangered Species Act (ESA). The Administration strongly opposes section 342 of the Committee bill, which would prohibit use of funds for grizzly bear introduction into the Selway-Bitterroot area (ID, MT). This provision would shut down the Fish and Wildlife Service's (FWS's) innovative approach to reintroducing this endangered species. After years of study and unparalleled citizen involvement, the FWS preferred alternative calls for the introduction of three to five bears annually into the Selway-Bitterroot area as a non-essential experimental population under section 10(j) of the ESA. Local concerns will be addressed through a 15-member Citizen Management Committee to be appointed by the Secretary of the Interior in consultation with the governors of Idaho and Montana and the Nez Perce Tribe. Public hearings on the FWS alternative will be held in October. The Senate is urged to drop this provision from the bill.

National Foundation on the Arts and the Humanities

The Administration appreciates the Committee's commitment to providing funding for the National Endowment for the Arts (NEA). The Administration would like to work with the Congress to increase funding for both the NEA and the National Endowment for the Humanities up to the President's requested level as the bill moves through the process.

The Administration understands that an amendment may be offered to increase significantly block grants to the States, thus severely diminishing the Federal leadership role of the NEA. In addition, the Administration understands that an amendment may be offered making it administratively impossible for NEA to carry out its function. If such amendments were adopted, the President's senior advisers would recommend that the President veto the bill.

Department of Agriculture

Forest Land Management Plans. Section 332 of the Committee bill would prohibit the Forest Service from revising any national forest land management plans until the Administration publishes new final rules for forest land management planning. This highly objectionable provision would prevent forest plans and resource uses from being revised to reflect updated scientific information, and would risk litigation over the more than 60 forest plans that are expected to be undergoing revision in FY 1998. A top priority of the Forest Service is revising land management planning regulations, and the

Forest Service is moving forward expeditiously with a process to finalize them. However, it is unlikely that this process can be finalized by the end of FY 1998. Therefore, this provision could lead to major difficulties in managing the National Forest System.

Purchaser Road Credit. The Committee Report contains objectionable language that would require the Secretary of Agriculture to continue the Purchaser Road Credit Program. The Purchaser Road Credit Program, which allows timber purchasers to pay partially for timber sales by constructing roads on National Forests, presents unnecessary administrative difficulties and has been criticized as a subsidy to the timber industry. The Administration has proposed the elimination of the Purchaser Road Credit Program and, contrary to concerns cited in the language of the Committee Report, would compensate States and counties for any change in receipt-sharing. Therefore, the report language is unwarranted.

Forest Service Micromanagement. The Administration objects to the inordinate level of micromanagement imposed on Executive Branch authorities by the Committee bill, which would impede the ability of the Forest Service to operate effectively and efficiently. For example, the bill includes highly objectionable language that would require the relocation of the Region 10 office from Juneau to Ketchikan, Alaska. The bill also includes objectionable language that would require reprogramming approval to fund the Secretary of Agriculture's Western Director and special assistant. The Western office has worked to resolve complex issues and provide important feedback to the Secretary about the concerns of the Western States and their citizens. The bill would also prohibit any reprogramming, reorganization, office closure, or other cost saving proposals without prior approval of the Appropriations Committees. The Administration would interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS v. Chadha*.

Ban on Export of Unprocessed Timber from Federal Land. The Committee bill includes a new Title VI, the "Forest Resources Conservation and Shortage Relief Act of 1997," which would amend restrictions on exports of raw logs harvested from Federal and State lands that were enacted in 1990 to protect American timber industry workers. The Administration has concerns that this complicated, 15-page rider has not undergone public or congressional hearings and that the requirements may inadvertently weaken, rather than improve, program implementation.

Department of Energy

Energy Conservation. The Administration strongly objects to the Committee's reduction of \$80 million to the request for Energy Conservation. This reduction postpones potential savings and is especially untimely, as the federal government is negotiating a new international protocol on climate change for signature in Kyoto, Japan this December. This program provides positive benefits for the economy by achieving savings far greater than the program's cost, increases the Nation's technological competitiveness, and supports major climate change and environmental initiatives such as the Partnership for a New Generation of Vehicles.

Strategic Petroleum Reserve. The Administration objects to the Committee's proposed non-emergency sale of oil from the Strategic Petroleum Reserve in FY 1998 in order to fund routine operations and maintenance at the Reserve. The Strategic Petroleum Reserve is the cornerstone of the Nation's energy security. The Administration is conducting a study of policy issues related to the Reserve, which will be completed later this year. The study will include analysis of the appropriate use of the Reserve in emergency and non-emergency situations and will be used to guide Strategic Petroleum Reserve policies in future years.

Clean Coal Technology. The Administration recommends that the Senate rescind \$136 million in balances within the Clean Coal Technology program. (The FY 1998 Budget requested that \$153 million be rescinded, and P.L. 105-18 included a rescission of \$17 million of that amount.) The Administration objects to the Committee's decision not to advance appropriate \$50 million in FY 1999 funds for a demonstration project in China. This project would demonstrate a coal-based technology that can greatly reduce CO₂ and other pollutants, thereby limiting the environmental impacts of industrialization in developing countries with large coal reserves.

Health and Human Services

Indian Health Service. The Administration objects to sections 325 and 326 of the General Provisions in the Committee bill because they would limit the ability of tribes to exercise their self-determination rights under the Indian Self-Determination and Education Act (P.L. 93-638). Section 325 would alter the current health care structure of the Alaska Native Medical Center (ANMC) in Anchorage by separating primary care and in-patient services and by designating specific contractors for the provision of these services. The Administration is concerned that such designations would infringe upon the choice of sovereign tribal governments to participate in self-determination contracts and compacts. Furthermore, this bifurcation of ANMC services could jeopardize the provision of quality health care to Alaskan Natives. By restricting tribes from leaving the regional health delivery structure that currently exists in Alaska, section 326 would also prevent tribes from exercising their self-determination rights. These provisions contradict the Administration's long-standing support of self-determination for tribal governments. Given that the bill requires GAO to study contracting and compacting in Alaska, it would be prudent to delay further action on this issue until the Administration and Congress review the results of the GAO study.

July 10, 1997
(House Floor)

H.R. 2107 -- DEPARTMENT OF THE INTERIOR
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 2107, the Department of the Interior and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. However, as discussed below, the Administration will seek restoration of certain of the Committee's reductions to the President's requests. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, unrequested funds have been provided to reimburse the Forest Service's Knutson-Vandenberg Trust Fund (in excess of anticipated needs), and the Committee has not rescinded Clean Coal Technology funds at the level proposed in the FY 1998 Budget. We urge the House to reduce funding for lower priority programs or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

National Foundation on the Arts and the Humanities

The Administration strongly objects to the Committee's drastic reduction in funding for the National Endowment for the Arts (NEA). The President's senior advisers would recommend that he veto the bill if this funding level were to remain. The proposed \$10 million appropriation, \$126 million below the President's request, would make it impossible for the NEA to continue to provide important cultural, educational, and artistic programs for communities across America. The Administration strongly supports efforts in the House to restore funding for the NEA.

The Administration strongly opposes the amendment made in order under the rule that would terminate the NEA and create a block grant for the arts. The NEA performs a critical Federal role in promoting the arts, which would be lost if such an amendment were adopted. The President's senior advisers would recommend that he veto the bill if it were to contain such an amendment.

In addition, we are concerned about the funding level proposed for the National Endowment for the Humanities (NEH), which is \$26 million below the President's request.

Department of the Interior

Land Acquisition. The Administration strongly objects to the Committee's failure to provide \$700 million in FY 1998 budget authority from the Land and Water Conservation Fund to finalize priority Federal land acquisitions and exchanges as agreed to in the Bipartisan Budget Agreement (BBA) and provided for in the budget resolution. Congress must include the \$700 million request in order to comply with the BBA, and the Administration strongly supports efforts to approve this funding as the bill moves through the process.

The budget agreement specifies that up to \$315 million would be available from the Land and Water Conservation Fund to finalize priority Federal land exchanges. The Administration's top two priorities are protecting Yellowstone National Park by acquiring private lands associated with the New World Mine project and acquiring old-growth redwoods and adjacent lands in Headwaters Forest. Completing these two priority purchases was the main impetus for including additional land acquisition funds in the final agreement.

National Park Service (NPS): Everglades and Elwha River Restorations. The Administration appreciates the Committee's efforts to provide the requested funding for Everglades (FL) land acquisition, but objects to the level provided for base NPS land acquisition (\$18 million below the base funding assumed in the BBA). We specifically object to the elimination of both non-Federal acquisition funds for South Florida and advance appropriations, including up-front construction funding for restoration of the Elwha River (WA) Ecosystem and Fisheries. Acquisition of Elwha and Glines Canyon dams at Olympic National Park is an essential first step in the restoration of the ecosystem authorized by the Elwha River Ecosystem and Fisheries Restoration Act of 1992. Up-front funding for restoration activities is necessary to meet the 1992 Act's requirement that the Secretary of the Interior determine that funds are available for restoration before proceeding with acquisition of the dams. The Administration urges the House to reallocate funding for this priority restoration project within the amount requested by the Administration for base Federal land acquisition, and allow land acquisition funds provided for South Florida to include non-Federal acquisition of important water storage areas.

Native American Program Funding. The Administration commends the Committee for funding essential, reservation-level Bureau of Indian Affairs (BIA) Tribal Priority Allocation programs at the President's requested level, the level included in the Bipartisan Budget Agreement. However, the Administration is concerned about reductions below the request to other programs critical to Indian country, such as school operations, construction of a criminal justice facility, water rights negotiations, and environmental cleanups, that could result in serious and costly liability problems. In addition, the Administration is concerned that reductions to the Office of the Special Trustee for American Indians could delay implementation of needed trust fund management reform. The Administration urges the House to increase funding to the extent possible for these important trust responsibilities.

Native American Program Riders. The Administration understands that there may be an attempt to add a language provision to the bill that would prohibit the Secretary of the Interior from taking land into trust for any tribe that had not entered into a binding agreement with State and local governments regarding the tribe's collection and payment of State and local sales and excise taxes on retail purchases made on the land by non-tribal members. Similar to a provision rejected by Congress last year, this would undermine tribal sovereignty and the ongoing government-to-government cooperation currently underway between a number of tribes and States that have voluntarily negotiated, or are currently negotiating, joint taxation agreements to accommodate the needs and rights of each party. The similar provision last year was among the problems that led the Secretary of the Interior to recommend a veto of the House-passed FY 1997 appropriations bill. The Administration strongly opposes this provision and urges the House not to include it in the bill.

The Administration also opposes section 316 of the bill, which would prohibit the development and implementation of any interim or final rule regarding jurisdictional issues pursuant to Title VIII of the Alaska National Interest Land Conservation Act (ANILCA). This moratorium would, in effect, for a third consecutive year override ANILCA without any congressional hearings, suspending public review and comments on the rule. It would prevent the Departments of the Interior and Agriculture from managing subsistence fishing programs on behalf of Alaska Natives, as required by a 1995 decision by the 9th Circuit Court of Appeals (the Katie John case). Ultimately, the Administration supports the transfer of the subsistence program back to the State of Alaska.

Department of Health and Human Services

Indian Health Service. The Administration appreciates the Committee's efforts to fund much of the President's requested \$2,122 million for the Indian Health Service (IHS). To the extent possible, we urge the House to include an additional \$36 million to restore IHS funding to the requested level. This would provide the full amount requested for Contract Support Costs, Contract Health Services, and funding for special health initiatives such as child abuse prevention and women's health.

The Administration appreciates the Committee's action to provide funding for beginning the construction of the health facility at Polacca, Arizona, for the Hopi Tribe. However, the Administration is very concerned about the lack of funding for the Fort Defiance hospital for the Navajo Tribe. Funding for the replacement health care facility at Fort Defiance would provide a comprehensive health program, including limited inpatient services for gynecological and general ambulatory surgery, intensive care, and adolescent psychiatry. The new hospital would replace the existing main hospital building, which was constructed in 1938 and is functionally inadequate to meet the needs of the current Navajo population. The Administration recommends, and urges the House to support, a full-funding commitment for both facilities.

Department of Energy

Energy Conservation. The Administration objects to the Committee's reductions to the request for energy conservation and to the Committee's consolidation of utility-scale gas turbine development activities into the Energy Conservation program. This transfer obscures the true size of the Committee's reductions to the President's Energy Conservation budget. The nominal reduction in this account is \$71 million, but because the account includes \$31 million for gas turbine development previously funded in the Fossil Energy Research and Development account, the true reduction to requested energy conservation activities is \$102 million. The reductions to Building Technologies would hurt the Nation's international climate change commitments, and the cuts in Transportation would damage the efforts of the Partnership for a New Generation of Vehicles (PNGV) to move to the next phase of technology development and systems integration. Within the transportation area, the Committee has also included an increase of \$10 million over the request for heavy vehicle technologies. This add-on would disperse the program's scarce resources away from the highest-priority activities and contradicts the Committee's stated interest in making the programs more focused. These funds should be redirected toward the requested PNGV activities. The DOE's Energy Conservation program helps to create jobs, save money, and reduce pollution.

Strategic Petroleum Reserve. The Administration objects to the Committee's proposed non-emergency sale of oil from the Strategic Petroleum Reserve in FY 1998 in order to fund routine operations and maintenance at the Reserve. The President's budget requests \$209 million in new budget authority to fund these activities. The Strategic Petroleum Reserve is the cornerstone of the Nation's energy security. The Administration is conducting a study of policy issues related to the Reserve, which will be completed this Fall. The study will include analysis of the appropriate use of the Reserve in emergency and non-emergency situations and will be used to guide Strategic Petroleum Reserve policies in future years.

Clean Coal Technology. The Administration recommends that the House rescind \$136 million. (The FY 1998 Budget requested that \$153 million be rescinded, and the recently enacted P.L. 105-18 included a rescission of \$17 million of that amount.) The Administration objects to the Committee's decision not to advance appropriate \$50 million in FY 1999 funds for a demonstration project in China. This project would demonstrate a coal-based technology that can greatly reduce CO₂ and other pollutants, thereby limiting the environmental impacts of industrialization in developing countries with large coal reserves. The Administration requests that \$136 million in available balances be rescinded, and that \$50 million be advance appropriated for FY 1999 to fund the China project.

Department of Agriculture and Forest Service Micromanagement

The Administration objects to the micromanagement of Executive Branch authorities that the Committee bill would impose upon the Forest Service and the Office of the Secretary. The Administration believes that this inordinate level of micromanagement is

inappropriate and would impede the ability of the Department to operate effectively. For example, the bill includes highly objectionable language that would terminate the Secretary of Agriculture's authority to have a Western Director and a special assistant in the West, who facilitate the resolution of complex issues and provide important feedback to the Secretary about concerns of Western States and citizens.

The Committee bill would further micromanage the Forest Service with specific provisions prohibiting any reorganization, office closure, or other cost saving proposals without prior approval of the Committees. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS vs. Chadha*. In addition, the Committee Report would require the Forest Service to complete -- most by January 1998 -- over 15 different reports to the Congress.

Woodrow Wilson Center

The Administration strongly recommends restoring the \$5.8 million requested in the President's budget for the Woodrow Wilson Center. The Center was established by Public Law 90-637 as the Nation's memorial to the twenty-eighth President. The law created a Board of Trustees to maintain and administer the Center, including the provision of facilities, staffing, and appointment of scholars, and where appropriate, to provide stipends, grants, and fellowships to such scholars, from the United States and abroad. The Administration and the Congress have supported the Center since 1968.

Smithsonian Institution

The Administration strongly recommends that the House provide the full \$58 million requested for construction of the Mall Museum of the National Museum of the American Indian. The National Museum of the American Indian was created by Public Law 101-185, which requires that two-thirds of the construction funds for the Mall Museum shall come from Federal appropriations and one-third from a national fund-raising campaign. As of January 1997, the national campaign had received cash and pledges for the \$36.7 million required to meet the non-appropriated portion. The FY 1998 Budget requests \$58 million for the Federal share for the construction of the Mall Museum.

July 9, 1997
(House Rules)

H.R. 2107 -- DEPARTMENT OF THE INTERIOR
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 2107, the Department of the Interior and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

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The Administration strongly objects to the Committee's drastic reduction in funding for the National Endowment for the Arts (NEA). The President's senior advisers would recommend that he veto the bill if this funding level were to remain. The proposed \$10 million appropriation, \$126 million below the President's request, would make it impossible for the NEA to continue to provide important cultural, educational, and artistic programs for communities across America. The Administration strongly supports efforts in the House to restore funding for the NEA.

In addition, we are concerned about the funding level proposed for the National Endowment for the Humanities (NEH), which is \$26 million below the President's request.

Department of the Interior

Land Acquisition. The Administration strongly objects to the Committee's failure to provide \$700 million in FY 1998 budget authority from the Land and Water Conservation Fund to finalize priority Federal land acquisitions and exchanges as agreed to in the Bipartisan Budget Agreement (BBA) and provided for in the budget resolution.

Congress must include the \$700 million request as the bill moves through the process in order to comply with the BBA.

The budget agreement specifies that up to \$315 million would be available from the Land and Water Conservation Fund to finalize priority Federal land exchanges. The Administration's top two priorities are protecting Yellowstone National Park by acquiring private lands associated with the New World Mine project and acquiring old-growth redwoods and adjacent lands in Headwaters Forest. Completing these two priority purchases was the main impetus for including additional land acquisition funds in the final agreement.

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Native American Program Funding. The Administration commends the Committee for funding essential, reservation-level Bureau of Indian Affairs (BIA) Tribal Priority Allocation programs at the President's requested level, the level included in the Bipartisan Budget Agreement. However, the Administration is concerned about reductions below the request to other programs critical to Indian country, such as school operations, construction of a criminal justice facility, water rights negotiations, and environmental cleanups, that could result in serious and costly liability problems. In addition, the Administration is concerned that reductions to the Office of the Special Trustee for American Indians could delay implementation of needed trust fund management reform. The Administration urges the House to increase funding to the extent possible for these important trust responsibilities.

Native American Program Riders. The Administration understands that there may be an attempt to add a language provision to the bill that would prohibit the Secretary of the Interior from taking land into trust for any tribe that had not entered into a binding agreement with State and local governments regarding the tribe's collection and payment of State and local sales and excise taxes on retail purchases made on the land by non-tribal members. Similar to a provision rejected by Congress last year, this would

undermine tribal sovereignty and the ongoing government-to-government cooperation currently underway between a number of tribes and States that have voluntarily negotiated, or are currently negotiating, joint taxation agreements to accommodate the needs and rights of each party. The similar provision last year was among the problems that led the Secretary of the Interior to recommend a veto of the House-passed FY 1997 appropriations bill. The Administration strongly opposes this provision and urges the House not to include it in the bill.

The Administration also opposes section 316 of the bill, which would prohibit the development and implementation of any interim or final rule regarding jurisdictional issues pursuant to Title VIII of the Alaska National Interest Land Conservation Act (ANILCA). This moratorium would, in effect, for a third consecutive year override ANILCA without any congressional hearings, suspending public review and comments on the rule. It would prevent the Departments of the Interior and Agriculture from managing subsistence fishing programs on behalf of Alaska Natives, as required by a 1995 decision by the 9th Circuit Court of Appeals (the Katie John case). Ultimately, the Administration supports the transfer of the subsistence program back to the State of Alaska.

Department of Health and Human Services

Indian Health Service. The Administration appreciates the Committee's efforts to fund much of the President's requested \$2,122 million for the Indian Health Service (IHS). To the extent possible, we urge the House to include an additional \$36 million to restore IHS funding to the requested level. This would provide the full amount requested for Contract Support Costs, Contract Health Services, and funding for special health initiatives such as child abuse prevention and women's health.

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Department of Energy

Energy Conservation. The Administration objects to the Committee's reductions to the request for energy conservation and to the Committee's consolidation of utility-scale gas turbine development activities into the Energy Conservation program. This transfer obscures the true size of the Committee's reductions to the President's Energy Conservation budget. The nominal reduction in this account is \$71 million, but because

the account includes \$31 million for gas turbine development previously funded in the Fossil Energy Research and Development account, the true reduction to requested energy conservation activities is \$102 million. The reductions to Building Technologies would hurt the Nation's international climate change commitments, and the cuts in Transportation would damage the efforts of the Partnership for a New Generation of Vehicles (PNGV) to move to the next phase of technology development and systems integration. Within the transportation area, the Committee has also included an increase of \$10 million over the request for heavy vehicle technologies. This add-on would disperse the program's scarce resources away from the highest-priority activities and contradicts the Committee's stated interest in making the programs more focused. These funds should be redirected toward the requested PNGV activities. The DOE's Energy Conservation program helps to create jobs, save money, and reduce pollution.

Strategic Petroleum Reserve. The Administration objects to the Committee's proposed non-emergency sale of oil from the Strategic Petroleum Reserve in FY 1998 in order to fund routine operations and maintenance at the Reserve. The President's budget requests \$209 million in new budget authority to fund these activities. The Strategic Petroleum Reserve is the cornerstone of the Nation's energy security. The Administration is conducting a study of policy issues related to the Reserve, which will be completed this Fall. The study will include analysis of the appropriate use of the Reserve in emergency and non-emergency situations and will be used to guide Strategic Petroleum Reserve policies in future years.

Clean Coal Technology. The Administration recommends that the House rescind \$136 million. (The FY 1998 Budget requested that \$153 million be rescinded, and the recently enacted P.L. 105-18 included a rescission of \$17 million of that amount.) The Administration objects to the Committee's decision not to advance appropriate \$50 million in FY 1999 funds for a demonstration project in China. This project would demonstrate a coal-based technology that can greatly reduce CO₂ and other pollutants, thereby limiting the environmental impacts of industrialization in developing countries with large coal reserves. The Administration requests that \$136 million in available balances be rescinded, and that \$50 million be advance appropriated for FY 1999 to fund the China project.

Department of Agriculture and Forest Service Micromanagement

The Administration objects to the micromanagement of Executive Branch authorities that the Committee bill would impose upon the Forest Service and the Office of the Secretary. The Administration believes that this inordinate level of micromanagement is inappropriate and would impede the ability of the Department to operate effectively. For example, the bill includes highly objectionable language that would terminate the Secretary of Agriculture's authority to have a Western Director and a special assistant in the West, who facilitate the resolution of complex issues and provide important feedback to the Secretary about concerns of Western States and citizens.

The Committee bill would further micromanage the Forest Service with specific provisions prohibiting any reorganization, office closure, or other cost saving proposals without prior approval of the Committees. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS vs. Chadha*. In addition, the Committee Report would require the Forest Service to complete -- most by January 1998 -- over 15 different reports to the Congress.

Woodrow Wilson Center

The Administration strongly recommends restoring the \$5.8 million requested in the President's budget for the Woodrow Wilson Center. The Center was established by Public Law 90-637 as the Nation's memorial to the twenty-eighth President. The law created a Board of Trustees to maintain and administer the Center, including the provision of facilities, staffing, and appointment of scholars, and where appropriate, to provide stipends, grants, and fellowships to such scholars, from the United States and abroad. The Administration and the Congress have supported the Center since 1968.

Smithsonian Institution

The Administration strongly recommends that the House provide the full \$58 million requested for construction of the Mall Museum of the National Museum of the American Indian. The National Museum of the American Indian was created by Public Law 101-185, which requires that two-thirds of the construction funds for the Mall Museum shall come from Federal appropriations and one-third from a national fund-raising campaign. As of January 1997, the national campaign had received cash and pledges for the \$36.7 million required to meet the non-appropriated portion. The FY 1998 Budget requests \$58 million for the Federal share for the construction of the Mall Museum.

July 15, 1997
(House Floor)

H.R. 2158 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING
AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 2158, the Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We appreciate the Committee's efforts to fully fund the requests for the National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), and the Community Development Financial Institutions (CDFI) Fund. As discussed below, the Administration will seek restoration of certain of the Committee's reductions to the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Corporation for National and Community Service

The Administration understands that an amendment may be offered to terminate the Corporation for National and Community Service. The Administration would oppose any amendment to terminate the Corporation as well as any amendment that would eliminate the Corporation's AmeriCorps grant program. Were either of these actions to be incorporated into the final bill presented to the President, the President's senior advisers would recommend that he veto the bill.

The Administration is deeply concerned about the \$146.5 million, or 27 percent, reduction to the President's request for the Corporation for National and Community Service, one of the Administration's highest priorities. The bill does not include the requested increase for the President's America Reads Challenge, the national literacy campaign to ensure that every child can read well and independently by the third grade. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "with the goals and the concepts of the President's America Reads program." Without the requested funding, the Corporation would not be able to finance 11,000 AmeriCorps tutor coordinators to help recruit, organize and manage the America Reads army of a million volunteers to tutor over three million children. The Administration strongly urges the House to fully fund the Corporation at the requested level of \$549 million.

Community Development Financial Institutions (CDFI) Fund

The Administration commends the Committee for funding the CDFI Fund at \$125 million, which is consistent with the Bipartisan Budget Agreement. The CDFI Fund has a demonstrated record of success. In the first round of the CDFI Program, the Fund awarded \$37.2 million in loans, equity investments, grants and technical assistance to 31 CDFIs serving 46 states and the District of Columbia. These investments have already leveraged more than \$50 million in non-Federal matches and, over the long term, are estimated to leverage 10 to 20 times the amount awarded. Furthermore, under the Bank Enterprise Award Program, the CDFI Fund awarded \$13.1 million to 38 banks and thrifts. These awards have encouraged \$126 million in support for CDFIs and direct lending and financial services in distressed neighborhoods. We strongly oppose an amendment that we understand may be offered to reduce the CDFI funding to \$50 million. This amendment would be contrary to the Bipartisan Budget Agreement.

Environmental Protection Agency

The Administration appreciates the Committee's continued efforts to keep the bill free from contentious legislative riders. However, the Administration believes that the Committee's overall \$413 million, or 5.4 percent, reduction to the President's request for the Environmental Protection Agency (EPA) would significantly limit key activities and dangerously impair the agency's ability to protect the environment adequately.

In particular, the Administration strongly objects to the Committee's \$593 million, or 28 percent, reduction to the President's request for Superfund. It is especially troubling that the Committee has failed to fund this program at the level anticipated in the Bipartisan Budget Agreement. These funds are urgently needed to eliminate the backlog of Superfund cleanups and improve the quality of life for more than 27 million Americans, including over four million children, who live within four miles of a Superfund site. The Administration appreciates the Committee's decision to fund the President's increase for Brownfields, but objects to the bill language that would prevent EPA from using these funds for cleanups. Not only has the use of Superfund resources for the cleanup of Brownfields properties been determined to be a legitimate use of the trust fund, but the revolving loan funds are a critical resource to the cities involved. Congress should fully fund the President's request for Superfund, as indicated in the Bipartisan Budget Agreement.

The Committee bill would provide a level of funding roughly equal to the President's request for EPA's operating program. However, the Administration is concerned that the House would reduce funding for key Administration priorities while funding numerous unrequested and unauthorized projects. In particular, the Administration is strongly opposed to the 40 percent reduction to the President's requests for the Climate Change Action Plan. These voluntary programs represent the most cost-effective method of achieving reductions in greenhouse gases that are needed to fulfill U.S. treaty commitments. The Administration also urges the House to restore funding for the President's Kalamazoo Right to Know initiative, which will make more environmental

data available to the public in 75 major cities; the Montreal Protocol program, which works to prevent depletion of the ozone layer; and for the innovative GLOBE program.

In addition, the Administration urges the House to restore the \$77 million reduction to the President's request of \$100 million for Boston Harbor to help improve water quality and reduce the number of beach closings. This funding would continue to fulfill a bipartisan Federal commitment to Boston Harbor because of its special needs and high user charges.

Finally, the Administration objects to the Committee's \$11.2 million reduction to the President's request for the Leaking Underground Storage Tanks Trust Fund. This reduction would have a direct impact on the ability of the States to oversee the initiation and completion of cleanups at backlogged sites and to ensure that sufficient progress is made on the new releases that are expected to be discovered.

Council on Environmental Quality

The Administration urges the House to restore the reduction from the request for the Council on Environmental Quality (CEQ). The Committee's reduction would severely affect CEQ's ability to perform its statutory obligations under the National Environmental Policy Act (NEPA) and, consequently, would cripple its ongoing effort to reinvent NEPA, a project designed to improve decision-making and raise efficiency in the performance of NEPA reviews. The results of the NEPA reinvention will reduce costs, time delays, and paperwork to the benefit of the general public.

Department of Housing and Urban Development

The Administration notes that the overall level of funding provided by the Committee for the Department of Housing and Urban Development (HUD) is generally consistent with the Administration's request. However, the Committee has failed to fund a number of Presidential initiatives, including Brownfields Redevelopment, Empowerment Zones, Homeownership Zones, Bridges to Work, and housing certificates to help families make the transition from welfare to work. We urge the House to restore funding for these priority programs.

The Administration seeks restoration of \$283 million in the Housing Certificate Fund for incremental housing assistance to aid additional low-income families. These funds would be allocated to collaboratives consisting of State welfare agencies and housing authorities. The Administration also objects to the Committee's inclusion of a three-month delay in issuing housing vouchers, which would reduce the number of families currently assisted. These reductions are particularly troubling because the number of low-income families with severe needs for housing has recently increased. The Administration suggests restoring funds for these priorities by eliminating some of the unrequested funds for several HUD programs.

Department of Veterans Affairs

The Administration appreciates the overall level of funding provided by the Appropriations Committee for the Department of Veterans Affairs (VA) and is pleased that the Administration's user fee proposal has been included in the bill. However, the Administration is strongly opposed to report language intending to direct the VA to shift funds among its twenty-two health care networks after those funds had been allocated based upon the relative needs in each. The VA took these actions to address funding inequities in compliance with Public Law 104-204. The report language would direct the VA to undo these efforts and, as a result, five networks would receive more funding than is justified, while seventeen networks would continue to be under-funded. The Administration recommends that Congress eliminate this language and confirm that the VA can and should implement its new allocation system without delay to fulfill the congressional mandate set forth in Public Law 104-204. The Administration also requests that the House include proposed appropriations language to allow funds from the Construction, Minor Projects account to be used for capital contribution payments for the enhanced-use lease program.

National Aeronautics and Space Administration (NASA)

We support the \$150 million in transfer authority provided by the Committee for the International Space Station. The Administration will oversee the implementation of this transfer authority to ensure that it will not have adverse effects on other priority NASA programs. The Administration supports funding for Russian Program Assurance, which can be accommodated within the President's requested level for NASA.

Federal Emergency Management Agency

The Administration appreciates the Committee's efforts to support pre-disaster mitigation efforts. However, the Administration objects to the \$60 million in unrequested funds provided by the Committee to the Federal Emergency Management Agency for planning and construction costs of a full-scale windstorm simulation center in conjunction with the Partnership for Natural Hazard Reduction. The project has not undergone scientific peer review and is incompatible with the long-established mission and capabilities of the Department of Energy's Idaho facilities in the area of nuclear energy research. These funds should be redirected to programs of higher priority. Further, the Administration believes it would be inappropriate for the Federal Government to assume responsibility for all of the costs associated with this partnership. Finally, the incremental approach to funding this activity is also objectionable.

Office of Consumer Affairs

The Administration opposes the Committee's proposed termination of the Office of Consumer Affairs (OCA). This agency represents consumer needs and viewpoints across the Federal Government by coordinating Federal consumer policy and providing information to consumers through a help-line and educational materials. The Administration requests that the House restore funding for OCA and, as requested in the FY 1998 Budget, restore OCA's authority to accept and expend donated funds.

July 14, 1997
(House Rules)

H.R. 2158 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING
AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 2158, the Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We appreciate the Committee's efforts to fully fund the requests for the National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), and the Community Development Financial Institutions (CDFI) Fund. As discussed below, the Administration will seek restoration of certain of the Committee's reductions to the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

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The Administration is deeply concerned about the \$146.5 million, or 27 percent, reduction to the President's request for the Corporation for National and Community Service, one of the Administration's highest priorities. The bill does not include the requested increase for the President's America Reads Challenge, the national literacy campaign to ensure that every child can read well and independently by the third grade. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "with the goals and the concepts of the President's America Reads program." Without the requested funding, the Corporation would not be able to finance 11,000 AmeriCorps tutor coordinators to help recruit, organize and manage the America Reads army of a million volunteers to tutor over three million children. The Administration strongly urges the House to fully fund the Corporation at the requested level of \$549 million.

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In addition, the Administration urges the House to restore the \$77 million reduction to the President's request of \$100 million for Boston Harbor to help improve water quality and reduce the number of beach closings. This funding would continue to fulfill a bipartisan Federal commitment to Boston Harbor because of its special needs and high user charges.

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The Administration urges the House to restore the reduction from the request for the Council on Environmental Quality (CEQ). The Committee's reduction would severely affect CEQ's ability to perform its statutory obligations under the National Environmental Policy Act (NEPA) and, consequently, would cripple its ongoing effort to reinvent NEPA, a project designed to improve decision-making and raise efficiency in the performance of NEPA reviews. The results of the NEPA reinvention will reduce costs, time delays, and paperwork to the benefit of the general public.

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The Administration seeks restoration of \$283 million in the Housing Certificate Fund for incremental housing assistance to aid additional low-income families. These funds would be allocated to collaboratives consisting of State welfare agencies and housing authorities. The Administration also objects to the Committee's inclusion of a three-month delay in issuing housing vouchers, which would reduce the number of families currently assisted. These reductions are particularly troubling because the number of low-income families with severe needs for housing has recently increased. The Administration suggests restoring funds for these priorities by eliminating some of the unrequested funds for several HUD programs.

Department of Veterans Affairs

The Administration appreciates the overall level of funding provided by the Committee for the Department of Veterans Affairs and is pleased that the Administration's user fee proposal has been included in the bill. The Administration requests that the House include proposed language to allow funds appropriated to the Construction, Minor Projects account to be used for capital contribution payments for the enhanced-use lease program.

National Aeronautics and Space Administration (NASA)

We support the \$150 million in transfer authority provided by the Committee for the International Space Station. The Administration will oversee the implementation of this transfer authority to ensure that it will not have adverse effects on other priority NASA programs. The Administration supports funding for Russian Program Assurance, which can be accommodated within the President's requested level for NASA.

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The Administration appreciates the Committee's efforts to support pre-disaster mitigation efforts. However, the Administration believes that the unrequested funds provided by the Committee to the Federal Emergency Management Agency for planning and construction costs of a full-scale windstorm simulation center in conjunction with the Partnership for Natural Hazard Reduction should be redirected to programs of higher priority. Further, the Administration believes it would be inappropriate for the Federal Government to assume responsibility for all of the costs associated with this partnership. Finally, the incremental approach to funding this activity is also objectionable.

Office of Consumer Affairs

The Administration opposes the Committee's proposed termination of the Office of Consumer Affairs (OCA). This agency represents consumer needs and viewpoints across the Federal Government by coordinating Federal consumer policy and providing information to consumers through a help-line and educational materials. The Administration requests that the House restore funding for OCA and, as requested in the FY 1998 Budget, restore OCA's authority to accept and expend donated funds.

July 23, 1997
(House Floor)

H.R. 2159 -- FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED OPERATIONS APPROPRIATIONS BILL, FY 1998(Sponsors:
Livingston (R),
Louisiana; Callahan (R), Alabama)

This Statement of Administration Policy provides the Administration's views on H.R. 2159, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1998, as reported by the House Appropriations Committee.

While the Administration is deeply concerned about funding reductions made by the Committee, we do not oppose House passage of the Committee bill. The Administration would strongly oppose any amendments that would further reduce the funding provided or that would restrict the President in carrying out U.S. foreign policy.

The Administration strongly opposes the "Mexico City policy" amendment proposed by Representative Smith of New Jersey, which would prohibit foreign non-governmental organizations from receiving U.S. population funds if the organization uses any of its own funding from non-U.S. Government sources for abortion-related services. The Administration continues to oppose these restrictions, which would deny funding to the most experienced and qualified family planning and maternal-child health care providers. Should this language be included in the final bill presented to the President, the President would veto the bill.

Funding Reductions

The Administration is deeply concerned about the insufficient overall funding level provided by the Committee bill. Assuming funding at requested levels for International Affairs (function 150) programs outside the jurisdiction of the Foreign Operations Subcommittee, the bill is more than \$700 million below the amount that is consistent with the total for function 150 programs provided by the Bipartisan Budget Agreement (excluding arrears payments). This reduction would seriously undercut U.S. leadership abroad in achieving foreign policy objectives that will significantly benefit the American people.

The Bipartisan Budget Agreement specifically details agreed-upon levels of spending for function 150, and this legislation clearly fails to comply with the agreement. The overall Committee level is unacceptable to the Administration and cannot be made acceptable within the current House 602(b) allocation. While the Administration is not actively opposing passage of this bill by the House, we will strongly urge that funding be restored to the budget request level in conference. Should the conference version of this bill contain the reduction proposed by the Committee, the Secretary of State, the Secretary of the Treasury, and the National Security Advisor would recommend that the President veto the bill.

Multilateral Programs

The Committee's \$598 million reduction to the Administration's \$1.5 billion request for multilateral development banks (MDBs) would cause a severe disruption in U.S. participation in several institutions. These institutions are playing a vital role in assisting the growth of the world's poorest countries, particularly in Africa, and addressing serious international environmental problems. In cutting \$284 million from contributions scheduled to be made to three institutions in FY 1998, the Committee bill would add to the \$862 million in arrears the United States now owes to the MDBs. Also, the bill fails to provide the requested \$315 million to pay a portion of the arrears even though the Bipartisan Budget Agreement would permit the Committee's 602(b) level for the Foreign Operations Subcommittee to be increased by that amount. By deepening the arrears crisis, these actions would undermine U.S. credibility, policy influence, and international economic leadership.

Multilateral Bank Funding for the Poorest Countries. More than two-thirds of the total MDB reduction is accounted for by cuts in the scheduled FY 1998 payment to the International Development Association (IDA) and the failure to provide the proposed arrears payment to IDA. IDA's lending will support the adoption of market-oriented economic reforms to revitalize the economies of many countries in Africa and elsewhere. The reductions could cause a collapse in funding arrangements agreed upon with other donor countries covering the next two years, and they would completely undercut progress made in allowing U.S. firms to participate in projects financed by a special IDA fund, an action urged by the Congress. The poorest countries of Africa and Asia would also be adversely affected by the 50 percent cut in funding for the African Development Fund and the denial of arrears payments to the Asian Development Fund. Major reforms in the management of the African fund, including new senior managers and a 20 percent staff reduction, call for a clear show of U.S. support.

Global Environment Facility (GEF). The Administration's \$100 million request for the Global Environment Facility has been cut by two-thirds. The GEF supports efforts of developing countries in areas such as biodiversity, rainforest preservation, and the reduction of ocean pollution and greenhouse gas emissions. At the upcoming Kyoto conference, U.S. efforts to encourage an assumption of greater responsibility to reduce emissions by these developing countries would be threatened by this action.

New Arrangements to Borrow (NAB). The bill contains no authorization for the New Arrangements to Borrow, a set of emergency credit lines for use by the IMF in the event of serious threats to global financial stability. The NAB was conceived in response to calls from many quarters, including key voices in Congress, for greater multilateral resources to combat systematic shocks after the 1995 Mexico peso crisis. The NAB is a vital tool for the safeguarding of international financial stability, and it will not be established without U.S. participation. Willingness to support the NAB represents a clear test of U.S. financial and political leadership in the post-Cold War world. The requested U.S. participation of \$3.5 billion has no outlay impact, and, therefore, no impact on the

deficit. Moreover, the Bipartisan Budget Agreement provides for the necessary adjustments to budget authority caps for the NAB to accomplish this important action.

Bilateral Economic Assistance

Assistance for the New Independent States of the Former Soviet Union. The Committee's mark of \$625 million for the New Independent States (NIS), nearly one-third below the request, would cripple the President's Partnership for Freedom initiative. The initiative is intended to promote democratic and market reform at the regional and grassroots level, where it has the greatest impact. Cutting aid in this fashion would, in particular, damage our national interest in supporting economic reform in Russia at a time when reform is moving ahead. The initiative would also make available increased resources for two key areas, Central Asia and the Caucasus, that are of great geopolitical and commercial importance to the United States. For all NIS countries, the initiative supports economic growth and private enterprise, building on the macroeconomic progress these countries have achieved.

Economic Support Fund (ESF). The Administration is concerned that the Committee mark reduces ESF by \$78 million below the President's request. The Committee has recommended that Egypt and Israel receive full funding and has established a separate ESF account for Ireland. Thus, \$385 million would remain available to meet requests totaling \$463 million. Important country and regional programs such as the Middle East Development Bank, Cyprus, Haiti, Jordan, Lebanon, and the Human Rights and Democracy Fund would have to be reduced, thereby undermining U.S. economic and political foreign policy interests. In addition, the Committee bill would limit ESF to Turkey to a level below the President's request.

Export and Investment Assistance

Overseas Private Investment Corporation (OPIC). The Administration strongly supports the reauthorization of the Overseas Private Investment Corporation and the full appropriations request. We recognize that authorization action is pending, which led the Committee not to provide the requested \$60 million for OPIC's credit programs. We look forward to working with the Appropriations and Authorization Committees to address each Committee's concerns.

The Administration strongly opposes the Royce Amendment, which would cut OPIC's administrative budget by 35 percent, \$11 million below the President's request. This amendment would severely undermine OPIC's stewardship role in protecting government financial resources. OPIC's operating costs are offset by program user fees. This amendment would seriously hamper OPIC's ability to manage its finance and insurance contingent liabilities, to monitor existing projects for environmental and worker rights compliance, and to ensure positive U.S. jobs and exports. The Administration supports the Committee bill which, as requested, would freeze OPIC's administrative expenses at the FY 1997 level of \$32 million.

Other Reductions

In addition, the bill cuts requested amounts for other important programs: the Trade and Development Agency, debt restructuring, AID operating expenses, foreign military financing loans, peacekeeping operations, and voluntary contributions to international organizations and programs. The bill also does not include the President's request to allow up to \$10 million in available development assistance funds for a new development credit authority, nor the requested \$7 million for a contribution to the Enhanced Structural Adjustment Facility of the International Monetary Fund.

The Administration would strongly oppose any amendment that seeks to reduce or eliminate funding for the Korean Peninsula Energy Development Organization (KEDO).

Other Issues

Support for Needed Flexibility. While deeply concerned with the funding reduction, the Administration strongly commends the Committee for continuing its policy of great restraint in imposing funding earmarks. The Committee's recognition that flexibility is needed for the conduct of effective diplomacy in situations of rapid political and economic change is most welcome. Beyond limiting earmarks, the Committee has also generally avoided imposing foreign policy strictures that would micro-manage diplomatic activity. This is another commendable aspect of the bill. Three exceptions to this trend must be noted, however.

Restrictions on Aid to Russia. The Administration strongly opposes restrictions on assistance to Russia. The vast majority of our aid to that country does not go to its government, but instead supports reformers at the grassroots level and is critical to Russia's democratic transformation. It would be a mistake to suspend this aid, which is so clearly in the U.S. national interest. Meanwhile, the limited technical assistance we provide to the Russian Government is targeted to key areas, such as tax reform, that are of great concern to U.S. investors in Russia. Suspension of these programs would undercut our efforts to support the American business community there.

Restrictions on Aid to Ukraine. The Administration recognizes and shares the serious concerns Congress has about Ukraine's lack of progress in developing the necessary economic and legal institutions required to enable U.S. investors to overcome the serious problems they confront and the pervasive corruption that exists there. We have repeatedly raised these issues with senior Ukrainian government officials and have suspended some aid to the Ukraine due to lack of progress in implementing reforms. However, the Administration also opposes the restrictions on assistance to Ukraine contained in the bill. Ukraine is a country of great geopolitical importance whose continued independence the U.S. strongly supports. New restrictions on aid to Ukraine would remove the flexibility the Administration needs to respond quickly when conditions improve.

Restrictions on Aid to Haiti. The Administration has strongly encouraged economic and public sector reform in Haiti. However, the Administration opposes new restrictions on

assistance, which condition its provision on privatization of three public enterprises. Such an approach puts at risk American interests in Haiti by conditioning assistance on a process that neither the Haitian Government nor the U.S. entirely control.

The Administration will work to eliminate these three restrictive provisions in subsequent stages of the appropriations process.

Infringement on Executive Authority. Several sections of the bill would require the United States to use its "voice and vote" to take particular positions in international organizations. The Constitution, however, commits to the President the responsibility for formulating the position of the United States in international fora. Therefore, these sections would, if enacted, be construed as advisory.

July 15, 1997
(House Rules)

H.R. 2159 -- FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED OPERATIONS APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Callahan (R), Alabama)

This Statement of Administration Policy provides the Administration's views on H.R. 2159, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1998, as reported by the House Appropriations Committee.

While the Administration is deeply concerned about funding reductions made by the Committee, we do not oppose House passage of the Committee bill. The Administration would strongly oppose any amendments that would further reduce the funding provided or that would restrict the President in carrying out U.S. foreign policy.

Funding Reductions

The Administration is deeply concerned about the insufficient overall funding level provided by the Committee bill. Assuming funding at requested levels for International Affairs (function 150) programs outside the jurisdiction of the Foreign Operations Subcommittee, the bill is more than \$700 million below the amount that is consistent with the total for function 150 programs provided by the Bipartisan Budget Agreement (excluding arrears payments). This reduction would seriously undercut U.S. leadership abroad in achieving foreign policy objectives that will significantly benefit the American people.

The Bipartisan Budget Agreement specifically details agreed-upon levels of spending for function 150, and this legislation clearly fails to comply with the agreement. The overall Committee level is unacceptable to the Administration and cannot be made acceptable within the current House 602(b) allocation. While the Administration is not actively opposing passage of this bill by the House, we will strongly urge that funding be restored to the budget request level in conference. Should the conference version of this bill contain the reduction proposed by the Committee, the Secretary of State, the Secretary of the Treasury, and the National Security Advisor would recommend that the President veto the bill.

Multilateral Programs

The Committee's \$598 million reduction to the Administration's \$1.5 billion request for multilateral development banks (MDBs) would cause a severe disruption in U.S. participation in several institutions. These institutions are playing a vital role in assisting the growth of the world's poorest countries, particularly in Africa, and addressing serious international environmental problems. In cutting \$284 million from contributions scheduled to be made to three institutions in FY 1998, the Committee bill would add to the \$862 million in arrears the United States now owes to the MDBs. Also, the bill fails to provide the requested \$315 million to pay a portion of the arrears even though the

Bipartisan Budget Agreement would permit the Committee's 602(b) level for the Foreign Operations Subcommittee to be increased by that amount. By deepening the arrears crisis, these actions would undermine U.S. credibility, policy influence, and international economic leadership.

Multilateral Bank Funding for the Poorest Countries. More than two-thirds of the total MDB reduction is accounted for by cuts in the scheduled FY 1998 payment to the International Development Association (IDA) and the failure to provide the proposed arrears payment to IDA. IDA's lending will support the adoption of market-oriented economic reforms to revitalize the economies of many countries in Africa and elsewhere. The reductions could cause a collapse in funding arrangements agreed upon with other donor countries covering the next two years, and they would completely undercut progress made in allowing U.S. firms to participate in projects financed by a special IDA fund, an action urged by the Congress. The poorest countries of Africa and Asia would also be adversely affected by the 50 percent cut in funding for the African Development Fund and the denial of arrears payments to the Asian Development Fund. Major reforms in the management of the African fund, including new senior managers and a 20 percent staff reduction, call for a clear show of U.S. support.

Global Environment Facility (GEF). The Administration's \$100 million request for the Global Environment Facility has been cut by two-thirds. The GEF supports efforts of developing countries in areas such as biodiversity, rainforest preservation, and the reduction of ocean pollution and greenhouse gas emissions. At the upcoming Kyoto conference, U.S. efforts to encourage an assumption of greater responsibility to reduce emissions by these developing countries would be threatened by this action.

New Arrangements to Borrow (NAB). The bill contains no authorization for the New Arrangements to Borrow, a set of emergency credit lines for use by the IMF in the event of serious threats to global financial stability. The NAB was conceived in response to calls from many quarters, including key voices in Congress, for greater multilateral resources to combat systematic shocks after the 1995 Mexico peso crisis. The NAB is a vital tool for the safeguarding of international financial stability, and it will not be established without U.S. participation. Willingness to support the NAB represents a clear test of U.S. financial and political leadership in the post-Cold War world. The requested U.S. participation of \$3.5 billion has no outlay impact, and, therefore, no impact on the deficit. Moreover, the Bipartisan Budget Agreement provides for the necessary adjustments to budget authority caps for the NAB to accomplish this important action.

Bilateral Economic Assistance

Assistance for the New Independent States of the Former Soviet Union. The Committee's mark of \$625 million for the New Independent States (NIS), nearly one-third below the request, would cripple the President's Partnership for Freedom initiative. The initiative is intended to promote democratic and market reform at the regional and grassroots level, where it has the greatest impact. Cutting aid in this fashion would, in particular, damage our national interest in supporting economic reform in Russia at a time when reform is

moving ahead. The initiative would also make available increased resources for two key areas, Central Asia and the Caucasus, that are of great geopolitical and commercial importance to the United States. For all NIS countries, the initiative supports economic growth and private enterprise, building on the macroeconomic progress these countries have achieved.

Economic Support Fund (ESF). The Administration is concerned that the Committee mark reduces ESF by \$78 million below the President's request. The Committee has recommended that Egypt and Israel receive full funding and has established a separate ESF account for Ireland. Thus, \$385 million would remain available to meet requests totaling \$463 million. Important country and regional programs such as the Middle East Development Bank, Cyprus, Haiti, Jordan, Lebanon, and the Human Rights and Democracy Fund would have to be reduced, thereby undermining U.S. economic and political foreign policy interests. In addition, the Committee bill would limit ESF to Turkey to a level below the President's request.

Export and Investment Assistance

Overseas Private Investment Corporation (OPIC). The Administration strongly supports the reauthorization of the Overseas Private Investment Corporation and the full appropriations request. We recognize that authorization action is pending, which led the Committee not to provide the requested \$60 million for OPIC's credit programs. We look forward to working with the Appropriations and Authorization Committees to address each Committee's concerns.

Other Reductions

In addition, the bill cuts requested amounts for other important programs: the Trade and Development Agency, debt restructuring, AID operating expenses, foreign military financing loans, peacekeeping operations, and voluntary contributions to international organizations and programs. The bill also does not include the President's request to allow up to \$10 million in available development assistance funds for a new development credit authority, nor the requested \$7 million for a contribution to the Enhanced Structural Adjustment Facility of the International Monetary Fund.

Policy Issues

Support for Needed Flexibility. While deeply concerned with the funding reduction, the Administration strongly commends the Committee for continuing its policy of great restraint in imposing funding earmarks. The Committee's recognition that flexibility is needed for the conduct of effective diplomacy in situations of rapid political and economic change is most welcome. Beyond limiting earmarks, the Committee has also generally avoided imposing foreign policy strictures that would micro-manage diplomatic activity. This is another commendable aspect of the bill. Three exceptions to this trend must be noted, however.

Restrictions on Aid to Russia. The Administration strongly opposes restrictions on assistance to Russia. The vast majority of our aid to that country does not go to its government, but instead supports reformers at the grassroots level and is critical to Russia's democratic transformation. It would be a mistake to suspend this aid, which is so clearly in the U.S. national interest. Meanwhile, the limited technical assistance we provide to the Russian Government is targeted to key areas, such as tax reform, that are of great concern to U.S. investors in Russia. Suspension of these programs would undercut our efforts to support the American business community there.

Restrictions on Aid to Ukraine. The Administration recognizes and shares the serious concerns Congress has about Ukraine's lack of progress in developing the necessary economic and legal institutions required to enable U.S. investors to overcome the serious problems they confront and the pervasive corruption that exists there. We have repeatedly raised these issues with senior Ukrainian government officials and have suspended some aid to the Ukraine due to lack of progress in implementing reforms. However, the Administration also opposes the restrictions on assistance to Ukraine contained in the bill. Ukraine is a country of great geopolitical importance whose continued independence the U.S. strongly supports. New restrictions on aid to Ukraine would remove the flexibility the Administration needs to respond quickly when conditions improve.

Restrictions on Aid to Haiti. The Administration has strongly encouraged economic and public sector reform in Haiti. However, the Administration opposes new restrictions on assistance, which condition its provision on privatization of three public enterprises. Such an approach puts at risk American interests in Haiti by conditioning assistance on a process that neither the Haitian Government nor the U.S. entirely control.

The Administration will work to eliminate these three restrictive provisions in subsequent stages of the appropriations process.

Infringement on Executive Authority. Several sections of the bill would require the United States to use its "voice and vote" to take particular positions in international organizations. The Constitution, however, commits to the President the responsibility for formulating the position of the United States in international fora. Therefore, these sections would, if enacted, be construed as advisory.

July 16, 1997
(House Floor)

H.R. 2160 -- AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION,
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Skeen (R), New Mexico)

This Statement of Administration Policy provides the Administration's views on H.R. 2160, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated. The Committee has developed a bill that provides requested funding for many of the Administration's priorities. As discussed below, the Administration will seek restoration of certain of the Committee's reductions to the President's requests. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Committee toward achieving acceptable funding levels.

The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, unrequested funds have been provided to the P.L. 480 Title I account, and the Administration's proposed user fees for meat and poultry inspection and new user fees for the Food and Drug Administration have not been adopted. In addition, while we commend the Committee for including additional funds to operate the Crop Insurance program, the Committee has added \$36 million more than requested for this purpose. The increase above the request would result in lower administrative expense reimbursement payments from the mandatory side of the program. Instead of reducing payments from the mandatory account, these discretionary resources could be used to fund higher priority programs. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Women, Infants, and Children Program

The Committee bill would fund the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at \$3.9 billion, \$184 million below the President's request. The Committee's mark is intended to support a participation level of 7.4 million women, infants, and children, the anticipated FY 1997 end-of-year caseload level. The President's FY 1998 Budget request would allow program participation to grow modestly -- to 7.5 million by September 1998 -- and fulfills the bipartisan commitment to fully fund WIC. It also includes a \$100 million contingency reserve to ensure that unanticipated food price increases do not cause participation decreases.

The Administration appreciates the recent action by the Congress to provide supplemental funding to ensure stable WIC participation in FY 1997. We also appreciate that the Committee bill provides needed flexibility in allocating WIC funding to States.

However, we are disappointed that the Committee mark does not provide funding for the contingency reserve and for the modest increase in participation proposed in the President's budget. These two provisions would allow WIC to reach and maintain the bipartisan commitment to full program participation.

The Administration shares the Committee's concern that WIC be able to maintain its successful cost containment efforts. The Administration strongly supports the Committee's inclusion of a provision to ensure competitive contracting of infant formula based on the lowest net wholesale cost. Without such a provision, infant formula costs could rise dramatically, increasing WIC's total costs and putting budgetary pressure on other programs funded by Agriculture appropriations.

Food and Drug Administration

The Committee action would result in a total program level for the Food and Drug Administration (FDA) of \$1.0 billion: \$926 million in budget authority and \$113 million in user fees. This level of fees is, in total, a net \$132 million below the President's request. On March 28, 1997, the Administration transmitted to the Congress legislation for the authorization of \$237 million in new and reauthorized fees. It is appropriate that regulated industries that derive valuable benefits from some FDA activities contribute an appropriate share of FDA's cost of ensuring the safety and effectiveness of their products. The Administration urges the House to fund FDA at the requested program level of \$1.1 billion, offset by the proposed user fees.

The Committee would provide \$24.3 million for the costs associated with implementing the FDA's final rule for the regulation of nicotine-containing tobacco products, \$9.7 million below the President's request. The tobacco regulation promotes and protects the health of the Nation's youth by reducing the easy access and appeal of tobacco products to children. Full funding is essential to meet the Administration's goal of significantly reducing under-age tobacco use.

Rental Housing Programs

The Committee has reduced requested funding for the Rental Assistance Program (RAP) by \$99 million. The Committee has failed to include RAP funds needed to subsidize rents for new or rehabilitated units constructed through the Section 515 multi-family housing loan program. Without these rental subsidies, more than 3,500 low- and very low-income rural households would be unable to afford the rents in new projects, and the projects themselves might not be viable. In addition, we ask the House to restore, to the extent possible, the \$52 million requested for RAP to convert expiring HUD Section 8 rental assistance in USDA-financed rental properties to RAP assistance. While Section 8 assistance is renewed annually, RAP generally provides five-year contracts for rental assistance. On an annualized basis, RAP assistance costs less than Section 8 assistance, and over five years the conversion of these units in FY 1998 would save taxpayers \$46 million.

While the Administration appreciates the increase in single-family housing loans over the FY 1997 level, the House is urged to include funding, to the extent possible, for the full \$1 billion in direct loans requested. This program has experienced a significant reduction in recent years, and additional funds are required to meet some of the backlogged demand for homeownership assistance to low-income rural Americans. The \$50 million reduction made by the Committee bill would deny over 1,000 rural families the opportunity to become homeowners.

Rural Development Programs

The Administration appreciates the Committee's efforts to provide adequate funding for rural development programs. However, we are concerned that the Committee has reduced funding for the rural water and wastewater program from the level provided by the Subcommittee. Further, the Committee has not adopted the Administration's request to implement the Rural Community Advancement Program, as authorized in the 1996 Farm Bill. This flexible delivery mechanism would allow States and localities to tailor rural development assistance more effectively to meet unique local conditions and needs. We urge the House to permit this innovative funding mechanism to go forward.

Conservation Programs

The Committee bill does not include \$18 million requested for the Resource Conservation and Development Program for local coordinators to assist communities in preparing watershed and rangeland plans. The goal of the new funding is to implement successful, locally-led rangeland and watershed planning efforts, such as by the Malpais Borderland Group in the Southwest, the Quincy Library Group in California, and the Big Darby Watershed in Ohio, in environmental-priority areas, including the salmon recovery area of the Pacific Northwest. The Committee bill also reduces funds for Conservation Operations, which could seriously impair USDA's ability to carry out critical conservation programs, including those enacted in the 1996 Farm Bill. The Committee level would also constrain improvements in conservation program implementation such as through the Geographic Information Systems and the digitizing of soils maps.

Agricultural Research Programs

The Committee bill does not provide sufficient funding for a number of important agricultural research initiatives. Only \$5 million of the \$12 million requested is included for the Administration's Human Nutrition Research Initiative, a multi-year initiative to improve the understanding of the nutrition needs of diverse populations, notably children, but also including the elderly, pregnant women, and healthy adults. The Committee bill provides \$106.7 million for the National Research Initiative (NRI) competitive grants program, a \$12.5 million increase over FY 1997 but a \$23.3 million reduction from the President's request. The bill also includes inappropriate programmatic earmarks within the NRI, a program from which grants are to be awarded based on scientific merit and a peer-review process. We urge the House to allow the NRI to function in the manner authorized. In order to provide funding for these important activities, the Administration

urges the House to reduce the \$37 million in funding included for over 75 unrequested, earmarked research grants.

Food Safety Initiative

While we commend the Committee's action to fully fund the FDA portion of the request for the President's Food Safety Initiative that is within the Committee's jurisdiction, only \$3 million of the \$9 million requested through the Department of Agriculture (USDA) has been funded. In May, the Vice President announced the Administration's detailed plan to strengthen America's food safety through this initiative, including establishing a national early warning system for outbreaks of food-borne illnesses; improving meat, poultry, and seafood inspections; increasing research to develop new tests to detect food-borne pathogens and to assess risks in the food supply; and, establishing public-private partnerships to improve the public's understanding of safe food practices. We urge the House to fully fund this important initiative.

Food and Consumer Service Studies and Evaluations

The Committee has transferred all funding (\$18.5 million in FY 1998) for studies and evaluations from the Food Stamp, Child Nutrition, and WIC programs to the Economic Research Service (ERS). ERS is directed to manage all studies and evaluations in consultation with the Food and Consumer Service. The Administration strongly opposes the proposed transfer of functions and funding.

The challenge of ensuring the success of welfare reform has increased the importance of practical, applied, and timely research. This research is most appropriately managed by the Food and Consumer Service, the organization closest to and most knowledgeable of Federal nutrition programs. The Food and Consumer Service has highly skilled professional career researchers with a well-recognized track record of conducting and managing effective, objective program evaluations. The Committee proposal is an inappropriate congressional intrusion into the Administration's prerogative to manage programs in the most effective manner.

Outreach for Socially Disadvantaged Farmers and Ranchers

The Committee bill would severely limit USDA's initiative to improve efforts to ensure equal access for all clientele to training, technical assistance, and other agriculture-related services intended to assist low-income farm families in becoming successful producers. The Secretary of Agriculture has stated his commitment to improving the Department's outreach to and relations with its minority and socially disadvantaged clientele. The Committee has provided only \$1 million of the requested \$4 million increase for this important component of USDA's Civil Rights initiative. We urge the House to increase funds for this priority program to the extent possible.

Department of Agriculture Micromanagement

The Administration objects to the inappropriate micromanagement of Executive Branch authorities that the Committee bill would impose, which would impede the ability of the Department to operate effectively. In this regard, we strongly object to the Committee's action to delete funding for the immediate office of the Deputy and Assistant Deputy Administrators for Farm Programs. Disagreements over program management and implementation should not be addressed by targeting for elimination those positions involved in the decision-making process. In addition, the Committee bill would terminate the authority of the Secretary of Agriculture to have a Western Director and a special assistant in the West, who facilitate the resolution of complex issues and provide important feedback to the Secretary about concerns of Western States and citizens. The Committee bill would further micromanage by blocking facility closings of the Agricultural Research Service and transferring research functions from the Food and Consumer Service to the Economic Research Service. The bill also limits funds for advisory committees, task forces, panels, and commissions to \$1 million, which is insufficient to support ongoing and new committees, including those required by the 1996 Farm Bill. We recommend that the limitation on expenditures for these purposes be lifted.

The Administration strongly opposes the Committee's action to designate Galt, California, arbitrarily as "non-rural" in order to make it ineligible for USDA housing programs. There is a backlog of 400 very-low and low-income housing applicants in Galt, which meets USDA's definition of a rural area. Denying a community's eligibility status in order to exclude low-income individuals from the community is counter to the Administration's -- and, we believe, the Congress' -- goal of expanding opportunities for equal access to quality housing for all Americans. We urge the House to delete this provision.

Packer Concentration

The FY 1998 Budget proposes a \$1.6 million increase for monitoring and analyzing meat packer market competition and the implications of structural changes and behavioral practices in the meat-packing industry. We appreciate the Committee's action to provide a portion of the requested funding. We urge the House to increase funds to the maximum extent possible so that USDA can maintain continuous, systematic collection and analysis of data along with aggressive investigative activities to address these issues effectively.

Nutrition Education and Training

The FY 1998 Budget proposes \$10 million for the Nutrition Education and Training program. The Welfare Reform bill enacted last year replaced mandatory funding for this program with an authorization for discretionary appropriations. The Administration appreciates the Committee's action to provide \$5 million of the requested funding for this valuable resource to the child nutrition programs. We urge the House to fund this important program to the maximum extent possible.

July 28, 1997
(Senate Floor)

H.R. 2169 -- DEPARTMENT OF TRANSPORTATION
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Shelby (R), Alabama)

This Statement of Administration Policy provides the Administration's views on H.R. 2169, the Transportation and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration is pleased with many aspects of the Committee bill, particularly funding support provided for transportation safety and transportation infrastructure programs. As discussed below, the Administration will seek restoration of certain of the Committee's reductions from the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Senate toward achieving acceptable funding levels.

The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. The Administration suggests that virtually all of its priorities could be funded through limited reductions in infrastructure programs, which the Committee has funded at levels in excess of the Administration's requests. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

NEXTEA

The Administration realizes that the Committee has not funded several requested programs because they have not yet been authorized as part of the National Economic Crossroads Transportation Efficiency Act (NEXTEA). The Administration reiterates its support for State Infrastructure Banks, the Transportation Credit Enhancement program, and the Access to Jobs and Training program. These programs will significantly increase the impact of Federal transportation investment and help to make "welfare to work" a reality. They can be accommodated within the overall funding levels agreed to by the Committee.

Amtrak

The Administration is pleased with the Committee's decision to fund Amtrak operations at the President's requested level of \$344 million. The Administration supports the request for \$222 million in general capital funding and objects to the Committee's decision to provide no funding. The Committee has not provided Amtrak with general capital funding assuming that a proposal for an Intercity Passenger Rail Fund, currently in the Senate version of the Reconciliation bill, would provide Amtrak with over \$600

million in general capital funding in FY 1998. The Intercity Passenger Rail Fund may not be enacted.

Federal Aviation Administration

The Committee is encouraged to provide additional funding for the deployment of security enhancement equipment, with offsets from other infrastructure spending. The Administration also urges the Senate to provide the \$100 million in advance appropriations requested for this equipment in FY 1999 so that continuity can be assured in the procurement process.

Earmarking

The Administration commends the Committee for not funding highway demonstration projects. However, the Administration objects to the Committee's earmarking of 25 transit projects for which Full Funding Grant Agreements (FFGAs) have neither been signed nor are expected to be signed. Many of these projects have yet to complete required planning and engineering studies to determine their costs and benefits. Any future funding for these projects would be in addition to the \$3.7 billion outstanding Federal share of projects with existing FFGAs. Such earmarking risks creating expectations that may be difficult to meet under a balanced budget. The Senate is urged to redirect these funds to higher priority items.

The Committee has provided substantial funding to conduct several earmarked operational tests within the Intelligent Transportation Systems (ITS) program. The Administration has requested funding in NEXTEA to support operational tests and would prefer that, rather than setting aside funds for specific projects, these projects compete on an equal basis with other potential proposals. Furthermore, the ITS program's focus is shifting from operational testing to integrated deployment. NEXTEA provides \$100 million for a new Deployment Incentives program to encourage integrated deployment. The operational tests funded by the Committee could be duplicative of previous tests.

Language Provisions

The Committee bill would modify section 29 of Public Law 96-192 (the Wright Amendment) in two respects. The Administration believes that any change to section 29 must be based on thorough analysis. Further, the question of which aircraft should be allowed to operate under section 29 is currently before the court in *Astraea Aviation Services v. U.S. Department of Transportation*, 5th Cir. No. 96-60802 (filed November 18, 1996). The Administration believes that the Congress should review the court's ultimate conclusion on the proper interpretation of section 29 before acting to change the statute.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment

(Senate Floor)

ADDITIONAL CONCERNS

H.R. 2169 -- DEPARTMENT OF TRANSPORTATION

APPROPRIATIONS BILL, FY 1998

(AS REPORTED BY THE SENATE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following additional concerns:

Coast Guard

NEXTEA. The Committee has not supported the Administration's NEXTEA proposals for fully mandatory funding for the Boating Safety program and for funding the Alteration of Bridges program from the Highway Trust Fund. The Administration reiterates its support for these proposals. Mandatory funding for Boating Safety would put it on equal footing with the Sport Fish Restoration program, which is also funded from the Aquatic Resources Trust Fund and is entitled to funds not appropriated to Boating Safety. Under the Alteration of Bridges proposal, \$17 million from the Highway Bridge Replacement and Rehabilitation Program (HBRRP) would be set aside annually for the purpose of repairing bridges deemed hazardous to navigation. The funding would be administered in accordance with the Truman-Hobbs Bridge Act, rather than the HBRRP. The Coast Guard would continue to select the projects and determine their funding levels.

Governors Island. The Committee has not provided \$8.3 million requested in the Operating Expenses account for the FY 1998 protection and maintenance of Governors Island, New York, which the Coast Guard will excess in late FY 1997. Also, the Committee has included bill language that would relieve the Coast Guard of responsibility for maintenance of the property under caretaker status. Pursuant to Section 483(b) of the Federal Property and Administrative Services Act of 1949, the Administrator of GSA has established that disposing agencies will fund protection and maintenance of excessed property for the quarter in which the property is reported as excessed and for not more than 12 months thereafter. During this period, GSA requests funding for follow-on protection and maintenance costs. The Administration has not requested funding in the GSA appropriation for the protection and maintenance of Governors Island in FY 1998. Therefore, this language would force GSA to absorb Governors Island protection and maintenance costs within a budget that is already stretched thin.

Federal Highway Administration

National Motor Carrier Safety Program. The Committee has provided \$84.3 million for the National Motor Carrier Safety Program, \$15.7 million below the Administration's request. This funding shortfall would delay the progress DOT continues to make in reducing commercial motor vehicle crashes and fatalities and would hobble efforts to move the program towards performance-based criteria.

National Highway Traffic Safety Administration

Airbag Regulation. The Administration objects to the requirement, as part of report language, to issue a notice of proposed rulemaking on the deactivation of airbags or the installation of an on/off switch for airbags. A notice of proposed rulemaking has already been issued on this subject. Additional proposed rules may be necessary, but the Administration objects to the mandate of the Committee to issue such a notice. While we commit to thoroughly reviewing the difficult issues surrounding airbag deactivation, a direction to submit a notice by a date certain is unrealistic and may be unnecessary.

Youth, Drugs, and Driving Initiative. The Administration objects to the failure to fund the Youth, Drugs, and Driving Initiative. This demonstration program will develop and implement effective pre-licensure drug testing to deter drug use, reduce drug-impaired driving, and promote public safety. The Committee's decision is unfortunate, and the Administration would like to work with the Senate to restore this program.

July 23, 1997
(House Floor)

H.R. 2169 -- DEPARTMENT OF TRANSPORTATION
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Wolf (R), Virginia)

This Statement of Administration Policy provides the Administration's views on H.R. 2169, the Transportation and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration is pleased with many aspects of the Committee bill, particularly funding support provided for transportation safety and transportation infrastructure programs. As discussed below, the Administration will seek restoration of certain of the Committee's reductions from the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels.

The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. The Administration suggests that virtually all of its priorities could be funded through limited reductions in infrastructure programs for which the Committee's funding levels are in excess of the Administration's requests. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

NEXTEA

The Administration realizes that the Committee has not funded several requested programs because they have not yet been authorized as part of the National Economic Crossroads Transportation Efficiency Act (NEXTEA). The Administration reiterates its support for State Infrastructure Banks, the Transportation Credit Enhancement program, and the Access to Jobs and Training program. These programs will significantly increase the impact of Federal transportation investment and help to make "welfare to work" a reality. They can be accommodated within the overall funding levels agreed to by the Committee.

Federal Aviation Administration

The Administration is concerned that the overall funding level provided by the Committee for the Federal Aviation Administration (FAA) Operations account is \$36 million less than requested. Although the Committee has attempted to target its reductions to administrative and non-safety areas, certain reductions could indirectly affect safety-related programs. For example, the shortfall in contract maintenance funding would likely be absorbed within base resources, possibly to the detriment of other critical activities. In addition, the reduction to the Chief Counsel's office would eliminate the new

positions established in 1997, in the aftermath of the ValuJet accident, to implement the Dangerous Goods and Cargo Security initiative. To ensure that the FAA has adequate resources to maintain the safe and efficient operation of the Nation's airspace system, it is important that the request for FAA Operations be fully funded.

The Committee's \$15 million reduction to Research, Engineering, and Development could delay deployment of explosive detection and anti-terrorism technology needed to assure the security of the traveling public at airports nationwide. In addition, for the Facilities and Equipment account, the House is encouraged to provide FY 1998 funding to accelerate the deployment of security enhancement equipment, with offsets from excess infrastructure funding. The Administration urges the House to provide the \$100 million in advance appropriations requested for this equipment in FY 1999 so that continuity can be assured in the procurement process.

Amtrak

The Administration is deeply concerned about the level of funding provided for Amtrak. While we applaud the Committee's decision to provide Amtrak with total funding at a level close to the President's request, we strongly urge the House to reallocate some of those funds from capital to operating grants to address Amtrak's critical need for operating support as indicated in the President's FY 1998 Budget.

The budget justification prepared by the Department of Transportation notes that Amtrak requires \$344 million in operating grants, plus \$445 million in capital assistance, to meet its financial obligations and to continue reducing its need for operating grants. The Committee's decision to provide Amtrak with only \$283 million in operating grants falls \$61 million short of the amount needed. The Administration strongly supports the funding levels proposed in the President's budget, which are not affected by certain technical scoring issues raised during markup.

The Federal operating subsidy supports Amtrak's day-to-day operations. Even at the funding levels proposed by the President, Amtrak will be able to remain solvent only by further increasing revenues and reducing costs. If Congress appropriates an amount for operating grants that is less than the \$344 million requested by the President, it is questionable whether Amtrak would have cash reserves sufficient to meet its obligations. In light of these considerations, we strongly urge the House to provide Amtrak with operating grants of \$344 million in FY 1998.

The Administration is concerned with provisions of the Committee bill that would authorize an Amtrak Commission to review and recommend changes to Amtrak's route structure. Amtrak has cut routes substantially in the recent past, and enactment of the Administration's current reform proposal ("Amtrak Restructuring Act of 1997") would allow Amtrak even greater flexibility to restructure its operations as necessary.

The Administration objects to the Committee bill's prohibition against using Amtrak capital funds to pay debt service. As noted in the Administration's NEXTEA proposal, funds for capital investment are appropriately used to pay for expenses related to debt service (i.e., principal and interest).

Earmarking

The Administration commends the Committee for not funding highway demonstration projects. However, the Administration objects to the Committee's earmarking of 42 transit projects for which Full Funding Grant Agreements (FFGAs) have neither been signed nor are expected to be signed. More than half of these projects have yet to complete required planning and engineering studies to determine their costs and benefits. The Federal share of the cost to complete only those projects for which cost data is available would be more than \$4 billion, and the cost for all of the projects could be as much as \$29 billion. This is in addition to the \$3.7 billion outstanding Federal share of projects with existing FFGAs. Such earmarking obviously risks creating expectations that may be difficult to meet under a balanced budget.

The Committee has provided substantial funding to conduct several earmarked operational tests within the Intelligent Transportation Systems (ITS) program. The Administration has requested funding in NEXTEA to support operational tests and would prefer that, rather than setting aside funds for specific projects, these projects compete on an equal basis with other potential proposals. Furthermore, the ITS program's focus is shifting from operational testing to integrated deployment. NEXTEA provides \$100 million for a new Deployment Incentives program to encourage integrated deployment. The operational tests funded by the Committee could be duplicative of previous tests.

Language Provisions

The Administration opposes the provision of the Committee bill that would prevent the use of funds by the FAA for the Flight 2000 demonstration program. The Flight 2000 program was recommended by the White House Commission on Aviation Safety and Security to demonstrate the efficiencies and expanded aviation capacity that can result from the use of new technologies to manage air traffic.

The Administration also opposes the language in the Committee bill that would prohibit any funds from being used for the FAA to plan, finalize, or implement any regulation that would promulgate new aviation user fees not specifically authorized by law. The Administration considers cost-based user fees to be a viable and appropriate means of financing the FAA. Restricting the FAA from developing new user fee proposals is a threat to responsible planning for the future financing of the agency.

The Administration opposes the provision of the Committee bill that would prohibit any funds from being used for changes in the Corporate Average Fuel Economy (CAFE) standards. The provision would effectively dictate that any CAFE rulemaking not deviate from existing standards. The Administration believes that any rulemaking related to

CAFE standards should be addressed in an open proceeding in which relevant issues are considered and in which all interested persons and parties are able to participate in fashioning the appropriate outcomes.

Finally, a provision in Title I of the bill purports to require congressional approval before Executive Branch execution of the Transportation Administrative Service Center provisions in the bill. The Administration will interpret this provision to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS vs. Chadha*.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment

(House Floor)
ADDITIONAL CONCERNS
H.R. 2169 -- DEPARTMENT OF TRANSPORTATION
APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the House to address the following additional concerns:

Coast Guard

NEXTEA. The Committee has not supported the Administration's NEXTEA proposals for fully mandatory funding for the Boating Safety program and for funding the Alteration of Bridges program from the Highway Trust Fund. The Administration reiterates its support for these proposals. Mandatory funding for Boating Safety would put it on equal footing with the Sport Fish Restoration program, which is also funded from the Aquatic Resources Trust Fund and is entitled to funds not appropriated to Boating Safety. Under the Alteration of Bridges proposal, \$17 million from the Highway Bridge Replacement and Rehabilitation Program (HBRRP) would be set aside annually for the purpose of repairing bridges deemed hazardous to navigation. The funding would be administered in accordance with the Truman-Hobbs Bridge Act, rather than the HBRRP. The Coast Guard would continue to select the projects and determine their funding levels.

Operating Expenses. The Committee has reduced funding for Coast Guard Operating Expenses by \$32 million from the Administration's request. Included in the reduction are FTE staff-year savings of \$19.6 million based on slow hiring rates and a cut of \$1 million

in active duty recruiting. The Administration believes that these reductions are shortsighted. The Coast Guard is implementing a plan to achieve the military workforce level requested by the Administration, but will be unable to do so without adequate funding for recruiting and pay.

Governors Island. Also included in the Committee's Operating Expenses reduction is the elimination of \$8.3 million for the FY 1998 caretaker costs of Governors Island, New York, which the Coast Guard will excess in FY 1997. The Committee assumes that these costs can be paid by the General Services Administration (GSA). Pursuant to Section 483(b) of the Federal Property and Administrative Services Act of 1949, the Administrator of GSA has established that disposing agencies will fund protection and maintenance of excessed property for the quarter in which the property is reported as excessed and not more than 12 months thereafter. Without the requested funding, the Coast Guard would be forced to absorb Governors Island caretaking costs within its Operating Expenses base.

Federal Railroad Administration

Pennsylvania Station. The Committee has failed to provide the \$23 million request for the Pennsylvania Station Redevelopment Project. The Administration reiterates its support for this request. These funds are needed to proceed with the expeditious redevelopment of this vital rail terminal.

Proposed Relocation. The Administration objects to the language that would require the Federal Railroad Administration (FRA) to move back to the DOT headquarters building. The current rental rate paid by FRA at its Vermont Avenue space is exactly the same as that charged for rental of space in the Nassif Building, which is currently being fully utilized by DOT units. Any move would entail added expenses to the Government.

Federal Highway Administration

National Motor Carrier Safety Program. The Committee has provided \$85.3 million for the National Motor Carrier Safety Program, \$14.7 million below the Administration's request. This funding shortfall would delay the progress DOT continues to make in reducing commercial motor vehicle crashes and fatalities and would hobble efforts to move the program towards performance-based criteria.

July 17, 1997
(House Rules)

DEPARTMENT OF TRANSPORTATION
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Wolf (R), Virginia)

This Statement of Administration Policy provides the Administration's views on the Transportation and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration is pleased with many aspects of the Committee bill, particularly funding support provided for transportation safety and transportation infrastructure programs. As discussed below, the Administration will seek restoration of certain of the Committee's reductions from the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels.

The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. The Administration suggests that virtually all of its priorities could be funded through limited reductions in infrastructure programs for which the Committee's funding levels are in excess of the Administration's requests. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

NEXTEA

The Administration realizes that the Committee has not funded several requested programs because they have not yet been authorized as part of the National Economic Crossroads Transportation Efficiency Act (NEXTEA). The Administration reiterates its support for State Infrastructure Banks, the Transportation Credit Enhancement program, and the Access to Jobs and Training program. These programs will significantly increase the impact of Federal transportation investment and help to make "welfare to work" a reality. They can be accommodated within the overall funding levels agreed to by the Committee.

Federal Aviation Administration

The Administration is concerned that the overall funding level provided by the Committee for the Federal Aviation Administration (FAA) Operations account is \$36 million less than requested. Although the Committee has attempted to target its reductions to administrative and non-safety areas, certain reductions could indirectly affect safety-related programs. For example, the shortfall in contract maintenance funding would likely be absorbed within base resources, possibly to the detriment of other critical activities. In addition, the reduction to the Chief Counsel's office would eliminate the new

positions established in 1997, in the aftermath of the ValuJet accident, to implement the Dangerous Goods and Cargo Security initiative. To ensure that the FAA has adequate resources to maintain the safe and efficient operation of the Nation's airspace system, it is important that the request for FAA Operations be fully funded.

The Committee's \$15 million reduction to Research, Engineering, and Development could delay deployment of explosive detection and anti-terrorism technology needed to assure the security of the traveling public at airports nationwide. In addition, for the Facilities and Equipment account, the House is encouraged to provide FY 1998 funding to accelerate the deployment of security enhancement equipment, with offsets from excess infrastructure funding. The Administration urges the House to provide the \$100 million in advance appropriations requested for this equipment in FY 1999 so that continuity can be assured in the procurement process.

Amtrak

The Administration is deeply concerned about the level of funding provided for Amtrak. While we applaud the Committee's decision to provide Amtrak with total funding at a level close to the President's request, we strongly urge the House to reallocate some of those funds from capital to operating grants to address Amtrak's critical need for operating support as indicated in the President's FY 1998 Budget.

The budget justification prepared by the Department of Transportation notes that Amtrak requires \$344 million in operating grants, plus \$445 million in capital assistance, to meet its financial obligations and to continue reducing its need for operating grants. The Committee's decision to provide Amtrak with only \$283 million in operating grants falls \$61 million short of the amount needed. The Administration strongly supports the funding levels proposed in the President's budget, which are not affected by certain technical scoring issues raised during markup.

The Federal operating subsidy supports Amtrak's day-to-day operations. Even at the funding levels proposed by the President, Amtrak will be able to remain solvent only by further increasing revenues and reducing costs. If Congress appropriates an amount for operating grants that is less than the \$344 million requested by the President, it is questionable whether Amtrak would have cash reserves sufficient to meet its obligations. In light of these considerations, we strongly urge the House to provide Amtrak with operating grants of \$344 million in FY 1998.

The Administration is concerned with provisions of the Committee bill that would authorize an Amtrak Commission to review and recommend changes to Amtrak's route structure. Amtrak has cut routes substantially in the recent past, and enactment of the Administration's current reform proposal ("Amtrak Restructuring Act of 1997") would allow Amtrak even greater flexibility to restructure its operations as necessary.

The Administration objects to the Committee bill's prohibition against using Amtrak capital funds to pay debt service. As noted in the Administration's NEXTEA proposal, funds for capital investment are appropriately used to pay for expenses related to debt service (i.e., principal and interest).

Earmarking

The Administration commends the Committee for not funding highway demonstration projects. However, the Administration objects to the Committee's earmarking of 42 transit projects for which Full Funding Grant Agreements (FFGAs) have neither been signed nor are expected to be signed. More than half of these projects have yet to complete required planning and engineering studies to determine their costs and benefits. The Federal share of the cost to complete only those projects for which cost data is available would be more than \$4 billion, and the cost for all of the projects could be as much as \$29 billion. This is in addition to the \$3.7 billion outstanding Federal share of projects with existing FFGAs. Such earmarking obviously risks creating expectations that may be difficult to meet under a balanced budget.

The Committee has provided substantial funding to conduct several earmarked operational tests within the Intelligent Transportation Systems (ITS) program. The Administration has requested funding in NEXTEA to support operational tests and would prefer that, rather than setting aside funds for specific projects, these projects compete on an equal basis with other potential proposals. Furthermore, the ITS program's focus is shifting from operational testing to integrated deployment. NEXTEA provides \$100 million for a new Deployment Incentives program to encourage integrated deployment. The operational tests funded by the Committee could be duplicative of previous tests.

Language Provisions

The Administration opposes the provision of the Committee bill that would prevent the use of funds by the FAA for the Flight 2000 demonstration program. The Flight 2000 program was recommended by the White House Commission on Aviation Safety and Security to demonstrate the efficiencies and expanded aviation capacity that can result from the use of new technologies to manage air traffic.

The Administration also opposes the language in the Committee bill that would prohibit any funds from being used for the FAA to plan, finalize, or implement any regulation that would promulgate new aviation user fees not specifically authorized by law. The Administration considers cost-based user fees to be a viable and appropriate means of financing the FAA. Restricting the FAA from developing new user fee proposals is a threat to responsible planning for the future financing of the agency.

Finally, the Administration opposes the provision of the Committee bill that would prohibit any funds from being used for changes in the Corporate Average Fuel Economy (CAFE) standards. The provision would effectively dictate that any CAFE rulemaking not deviate from existing standards. The Administration believes that any rulemaking

related to CAFE standards should be addressed in an open proceeding in which relevant issues are considered and in which all interested persons and parties are able to participate in fashioning the appropriate outcomes.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

July 24, 1997
(House Floor)

H.R. 2203 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; McDade (R), Pennsylvania)

This Statement of Administration Policy provides the Administration's views on H.R. 2203, the Energy and Water Development Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. However, the Administration strongly objects to the Committee's reallocation of national defense funds from Department of Energy programs to Department of Defense programs. These funds are needed for key environmental privatization projects and to provide full funding for Atomic Energy Defense Activities, as requested, which is consistent with fixed asset funding practices in the Government's other defense programs. We believe that this action is an unacceptable deviation from our understanding of the Bipartisan Budget Agreement.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Department of Energy

The Administration objects to the Committee's providing only \$102 million of the \$1.006 billion requested for environmental management privatization projects. Based on this mark, several environmental privatization projects would not be funded at all, and it is questionable whether the expected out-year funding would allow support for higher priority cleanup privatization projects at this funding level. Failure to invest in competitive privatization contracts for cleanup activities would force the Department of Energy (DOE) to continue using more costly, traditional contracting approaches, which the Committee Report has strongly criticized. This would result in a substantial increase to DOE's cleanup costs in future years and could jeopardize the Department's ability to comply with cleanup agreements.

The Administration strongly opposes the cuts to DOE's Federal staff and management accounts, including Departmental Administration and the Office of the Inspector General. Cuts in Federal staff and support service contractors of this magnitude would make it nearly impossible for the Department to improve contractor oversight or to develop, award, and manage more competitive fixed-price contracts, which are some of the Committee's own recommendations in the accompanying report.

The Administration also opposes the Committee's attempt to micromanage the Department, limit its ability to exercise good business judgment, overly restrict its ability to implement sound innovative contracting practices, and limit its ability to participate in procurement reinvention. It would do this by: (1) requiring special reports and notification prior to the start of any FY 1998 approved construction and special congressional permission to make procurement decisions currently authorized by other statutes; (2) inhibiting market research; (3) further restricting the Department's ability to outsource beyond that required in OMB Circular No. A-76; (4) unnecessarily restricting the Department's ability to deviate from the Federal Acquisition Regulation; and, (5) inappropriately limiting the Department's ability to use current statutory exemptions from competition. Additional reporting requirements combined with the proposed staffing reductions would erode DOE's ability to gain better control over its operations and improve management of its complex mission.

The Administration also strongly opposes the transfer of the Formerly Used Sites Remedial Action Program (FUSRAP) from DOE to the Corps of Engineers. In recent years, the Department has placed nearly half of this program under competitive, fixed-price contracts and developed a plan to accelerate cleanup by 12 years. DOE has established an open, interactive dialogue with communities and regulators, through which the Department has developed cleanup standards commensurate with land use plans and proceeded with early removal of contamination at many sites. DOE has completed cleanup at 52 percent of the main sites and 56 percent of the vicinity properties. Between FYs 1996 and 1997, DOE has reduced support costs for this program by 23 percent. Transferring this well-managed program that is nearly complete to another agency would be disruptive and would most likely delay completion and increase costs.

The Administration objects to the program cuts in the requests for nuclear nonproliferation programs. For example, the reductions in verification research and development would delay the completion of next generation land-based and satellite-borne sensors for the detection of nuclear, chemical and biological weapons programs.

The Administration also opposes the \$29 million reduction to the Uranium Enrichment Decontamination and Decommissioning (D&D) program. DOE is about to enter into a large contract for D&D and re-industrialization of the large gaseous diffusion plant in Oak Ridge, Tennessee, using an approach that will expedite cleanup, reduce costs, and create new jobs. The Committee's funding cuts in this program would make it difficult to proceed with this effort, comply with environmental requirements, and provide reimbursements to radium and thorium licensees.

The Administration opposes the Committee's elimination of \$25 million requested for the Next Generation Internet. While the Administration acknowledges that the private sector has shown the capability and willingness to fund considerable technology development for the Internet, the Next Generation Internet funds requested in the President's budget are necessary to assist universities and national laboratories in implementing advanced,

high-speed connections that will not be financed by industry, and to accelerate research in areas where DOE laboratories have particular expertise.

The Committee's overall reduction of \$30 million from the request for the civilian radioactive waste management program would threaten satisfactory completion of the Department of Energy's viability assessment of Yucca Mountain. Both the Nuclear Waste Technical Review Board and independent expert advisers have urged DOE to build and study an "east-west tunnel" or "drift" through the repository block at Yucca Mountain in order to reduce uncertainty about water moving downward through the site. The \$14 million (16 percent) reduction to the request for the core science program would virtually eliminate any scientific input from this important research to the viability assessment. Additionally, the \$16 million reduction in support services and personnel costs would severely constrain, if not eliminate, an independent review of critical elements of the viability assessment, including a validation of repository design concepts and operating strategies, as well as refined cost estimates of these designs.

The Administration strongly objects to the Committee's \$60 million reduction to the Solar and Renewable Energy R&D request (calculated on a comparable basis). The overall funding cuts, particularly in biofuels and solar thermal energy, would seriously set back environmentally promising and increasingly economic sources of energy. Research programs such as these are also the least burdensome way for the Nation to respond to global climate change.

Army Corps of Engineers

The Administration urges the House to reduce the number of unrequested Corps of Engineers' projects and programs and to restore funds that the Administration has requested for priority Corps projects, including the Columbia and Snake Rivers Juvenile Fish Mitigation Program for salmon run restoration and for construction of an emergency outlet for Devils Lake, North Dakota. The Administration urges the House to use the \$540 million in unrequested funds that the Committee has provided for the Corps of Engineers construction, studies, and operation and maintenance programs to restore reductions made in other priority Corps and DOE programs.

The Administration appreciates the Committee's full funding of the Administration's request for the Corps' regulatory program. This will allow the Corps to implement its administrative appeals process fully and to continue to process wetlands permits in a timely manner. The Administration urges the House to include the Administration's requested regulatory permit fee, which would allow the Corps to recover its costs for processing permit applications for commercial uses.

Bureau of Reclamation

The Administration appreciates the Committee's support for funding to restore the California Bay-Delta ecosystem. However, we urge the House to provide the full \$143 million that Congress authorized for this program and that was requested by the President

in the FY 1998 Budget. This important program plays a central role in resolving long-standing water conflicts that have plagued the State of California. In addition, we oppose the reduction of \$14 million in requested Central Valley Project funding, which is an important component of the effort to restore this critical ecosystem.

The Administration objects to the Committee's decision to fund a number of Reclamation projects and activities not requested in the FY 1998 Budget, some of which could result in demands for additional funding in the out-years. The Administration supports the Committee's decision to provide funds to cover the estimated authorized Federal share of costs for the purchase of water associated with variable flood control operations at Folsom Dam during FY 1997.

Tennessee Valley Authority

The Administration objects to the Committee's elimination of all appropriations for the Tennessee Valley Authority in FY 1998. We believe that an abrupt and total elimination of funding for the agency in FY 1998 is premature. The Administration has proposed continued funding in FY 1998 while TVA completes its consultations on potential alternate funding arrangements for future years for its appropriated program.

Nuclear Regulatory Commission

The Administration urges restoration of the Committee's \$4 million reduction to the request for the Nuclear Regulatory Commission's (NRC's) High-level Waste Program. This 24-percent reduction would adversely affect the NRC's ability to maintain a strong scientific capability, independent of DOE, to review high-level waste activities. This reduction could jeopardize the NRC's ability to complete timely reviews of DOE's viability assessment. Timely resolution of the high-level waste issue is important to the Nation as well as to the nuclear industry.

July 23, 1997
(House Rules)

H.R. 2203 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; McDade (R), Pennsylvania)

This Statement of Administration Policy provides the Administration's views on H.R. 2203, the Energy and Water Development Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. However, the Administration strongly objects to the Committee's reallocation of national defense funds from Department of Energy programs to Department of Defense programs. These funds are needed for key environmental privatization projects and to provide full funding for Atomic Energy Defense Activities, as requested, which is consistent with fixed asset funding practices in the Government's other defense programs. We believe that this action is an unacceptable deviation from our understanding of the Bipartisan Budget Agreement.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

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The Administration objects to the Committee's providing only \$102 million of the \$1.006 billion requested for environmental management privatization projects. Based on this mark, several environmental privatization projects would not be funded at all, and it is questionable whether the expected out-year funding would allow support for higher priority cleanup privatization projects at this funding level. Failure to invest in competitive privatization contracts for cleanup activities would force the Department of Energy (DOE) to continue using more costly, traditional contracting approaches, which the Committee Report has strongly criticized. This would result in a substantial increase to DOE's cleanup costs in future years and could jeopardize the Department's ability to comply with cleanup agreements.

The Administration strongly opposes the cuts to DOE's Federal staff and management accounts, including Departmental Administration and the Office of the Inspector General. Cuts in Federal staff and support service contractors of this magnitude would make it nearly impossible for the Department to improve contractor oversight or to develop, award, and manage more competitive fixed-price contracts, which are some of the Committee's own recommendations in the accompanying report.

The Administration also opposes the Committee's attempt to micromanage the Department, limit its ability to exercise good business judgment, overly restrict its ability to implement sound innovative contracting practices, and limit its ability to participate in procurement reinvention. It would do this by: (1) requiring special reports and notification prior to the start of any FY 1998 approved construction and special congressional permission to make procurement decisions currently authorized by other statutes; (2) inhibiting market research; (3) further restricting the Department's ability to outsource beyond that required in OMB Circular No. A-76; (4) unnecessarily restricting the Department's ability to deviate from the Federal Acquisition Regulation; and, (5) inappropriately limiting the Department's ability to use current statutory exemptions from competition. Additional reporting requirements combined with the proposed staffing reductions would erode DOE's ability to gain better control over its operations and improve management of its complex mission.

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high-speed connections that will not be financed by industry, and to accelerate research in areas where DOE laboratories have particular expertise.

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in the FY 1998 Budget. This important program plays a central role in resolving long-standing water conflicts that have plagued the State of California. In addition, we oppose the reduction of \$14 million in requested Central Valley Project funding, which is an important component of the effort to restore this critical ecosystem.

The Administration objects to the Committee's decision to fund a number of Reclamation projects and activities not requested in the FY 1998 Budget, some of which could result in demands for additional funding in the out-years. The Administration supports the Committee's decision to provide funds to cover the estimated authorized Federal share of costs for the purchase of water associated with variable flood control operations at Folsom Dam during FY 1997.

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The Administration objects to the Committee's elimination of all appropriations for the Tennessee Valley Authority in FY 1998. We believe that an abrupt and total elimination of funding for the agency in FY 1998 is premature. The Administration has proposed continued funding in FY 1998 while TVA completes its consultations on potential alternate funding arrangements for future years for its appropriated program.

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October 6, 1997
(House)

H.R. 2206 - Veterans' Health Programs Improvement Act of 1997
(Rep. Stearns (R) FL and 9 cosponsors)

The Administration has no objection to House passage of H.R. 2206, which would (1) consolidate and clarify various VA programs to assist homeless and chronically mentally ill veterans and (2) test new approaches to treating illnesses of some Persian Gulf veterans. The Administration, however, has concerns about certain provisions of the bill, including:

The Administration particularly objects to the provision of H.R. 2206 that would prohibit States and localities from purchasing pharmaceuticals from the Federal Supply Schedule (FSS). The Administration recognizes that concerns exist about the effect on Federal buyers of opening up the pharmaceutical FSS, but believes there is enough uncertainty about the effect that a limited pilot is warranted. The Administration, therefore, supports a limited pilot program for pharmaceuticals, beginning with drugs used to treat HIV and HIV-related conditions and, following a study on the impact of the pilot, possible expansion to drugs used to treat other life-threatening conditions.

The Administration is concerned about two personnel provisions that would provide special treatment for certain groups of VA employees. One provision would make special pay for certain VA physicians and dentists creditable for retirement purposes. The other would exempt certain VA medical care personnel from Executive branch staffing initiatives, including reductions in the number of higher-graded employees. Both provisions are inconsistent with the Administration's workforce restructuring policy, would be inequitable in their preferential treatment of certain groups of VA employees, and would establish an undesirable precedent. In particular, the Administration supports incentives that use agency's discretionary resources to make one-time cash payments to separating employees rather than temporary changes to the retirement program, which increase direct spending over the long-term. The Administration urges the deletion of both provisions from the bill.

The Administration will work with the Senate to address these and other concerns.

Pay-As-You-Go Scoring

H.R. 2206 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimates of this bill indicate that it would increase direct spending by \$12 million in FY 1998 and a total of \$90 million over the period FYs 1998-2002. Therefore, if the bill were enacted and these FY 1998 costs are not offset during the remainder of this session of Congress, a pay-as-you-go sequester would be triggered at the end of the session.

September 29, 1997
(House)

H.R. 2233 - Coral Reef Conservation Act
(Saxton (R) New Jersey and 10 cosponsors)

The Administration strongly supports the goals of conserving and protecting coral reef ecosystems. However, as explained below, the Administration opposes House passage of H.R. 2233.

Ten years ago, the Congress created the National Fish and Wildlife Foundation to provide federal agencies with a vehicle for forming private-public partnerships for natural resource conservation. The effort, which has included coral reef conservation projects, has been highly successful in attracting private donors to match limited federal funds. Creation of a new grant program in the Commerce Department is duplicative and unnecessary.

October 21, 1997
(House Rules)

H.R. 2247 - Amtrak Reform and Privatization Act of 1997
(Shuster (R) Pennsylvania)

The Administration strongly opposes House passage of H.R. 2247 unless it is amended to delete objectionable provisions that would:

Repeal important statutory, economic, and collective bargaining rights of Amtrak employees. Further progress can be made within the existing labor-management relations structure.

Override State liability laws by imposing arbitrary caps on damages arising from passenger rail accidents or by imposing exceptionally strict standards for punitive damages. Amtrak has successfully renegotiated most of its operating agreements with freight railroads within the current State law systems.

Delay the deadline by which certain Amtrak facilities must comply with the Americans with Disabilities Act.

Replace Amtrak's current board of Directors with a new Board. The current Board has proved capable of directing Amtrak during this time when difficult issues must be addressed. (The Administration supports (1) removing existing restrictions on the President's authority to appoint future members of Amtrak's Board and (2) requiring that such appointees be confirmed by the Senate.)

Subordinate the Federal interest as a creditor in the event of a default. This and other proposed changes in the Section 511 Railroad Loan Guarantee program are not appropriate. Instead, the Administration urges enactment of its alternative financing and credit proposals set forth in its "National Economic Crossroads Transportation Efficiency Act of 1997" (NEXTEA). These proposals empower States to make choices that best suit their transportation needs, including public rail freight, and are preferable to the Section 511 program which provides benefits directly to private freight railroads.

Eliminate the Secretary of Transportation's liquidation preference and voting rights on the Amtrak preferred stock held by the Secretary, require the United States to relinquish all rights held in connection with any note obtained or mortgage made on Amtrak property, and eliminate Amtrak's status as a mixed ownership Government corporation fully subject to the Government Corporation Control Act. Given the substantial Federal investment and public policy interest in Amtrak, any privatization effort will necessarily require a great deal of careful analysis. Until that analysis is done, the proposed elimination of Federal financial and other involvement with Amtrak is premature. Finally, H.R. 2247 should be amended to provide for substantial involvement of the Executive Branch, including the Treasury Department, in the development and implementation of any Amtrak privatization plans.

September 23, 1997
(House)

H.R. 2261 Small Business Reauthorization Act of 1997
(Talent (R) Missouri and LaFalce (D) New York)

The Administration strongly supports reauthorization of the programs of the Small Business Administration and supports House passage of H.R. 2261, with the changes described below. The bill reauthorizes small business loan programs which assist tens of thousands of small businesses each year and contribute to the overall vitality of the Nation's economy.

The Administration strongly opposes, however, proposed amendments to current law on "contract bundling," loan liquidation and litigation under the Section 504 program, and the extension of the Small Business Competitiveness Demonstration Program. The Administration will seek amendments to address these concerns as the bill proceeds through the legislative process.

Contract Bundling. The Administration understands that the House will consider an amended version of H.R. 2261 that will include a provision addressing "contract bundling." The Administration is committed to maintaining a strong role for small businesses in Federal contracting, but is concerned that the proposed changes to the current contract bundling law could deny taxpayers the cost savings and improved quality achievable by appropriate consolidation of Federal contract requirements. Therefore, the Administration urges the House to maintain current law, which provides sufficient authority and flexibility for the Administration to protect the important interests of small businesses.

The Senate-passed SBA reauthorization bill (S. 1139) also contains a provision on contract bundling. Although opposing this provision, the Administration notes that the Senate-passed provision would impose less additional burden on Federal agencies than other bundling language that has been considered by this Congress.

Section 504 Litigation. The Administration strongly opposes authorizing premier certified lenders to judicially foreclose and liquidate loans. Such broad authority to litigate raises significant problems regarding SBA's oversight responsibilities.

Small Business Competitiveness Demonstration Program. The Administration strongly opposes any extension of the Small Business Competitiveness Demonstration Program. Small businesses will substantially benefit from discontinuing this program and lifting the unnecessary paperwork and reporting burdens it imposes.

Other Administration Concerns

The Administration will also seek amendments to:

Maintain the ability of Small Business Development Centers (SBDCs) to charge appropriate fees for counseling services provided under the program; and

Remove the existing statutory prohibition against Federal Financing Bank (FFB) financing of section 504 and Small Business Investment Company (SBIC) guaranteed loans.

Finally, the Administration fully supports increasing the participation of disabled veterans in SBA loans and Federal procurement, but has concerns about a provision which may be included in the managers amendment. The Administration looks forward to working with Congress to develop approaches to expand the participation of disabled veterans in these programs.

Pay-As-You-Go Scoring

H.R. 2261 as reported would increase direct spending; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. Therefore, if the bill as reported were enacted and these costs are not offset during the remainder of the session, a pay-as-you-go sequester would be triggered at the end of the session. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may differ from these estimates. (We understand that a managers amendment may include language that eliminates this effect. If not, the Administration will work with Congress to identify appropriate offsets.)

September 4, 1997
(House Floor)

H.R. 2264 -- DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION,
AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 2264, the Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated. The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We are pleased that the Committee has fully funded Bilingual and Immigrant Education, School to Work, Head Start, Technology Literacy Challenge, 21st Century Community Learning Centers, the targeted portion of the Title I formula, and education statistics and assessment. The Administration is also pleased that the Committee has limited the number of appropriations riders, consistent with the terms of the Bipartisan Budget Agreement. The House is urged to continue this practice.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, the Committee bill provides nearly \$1 billion more than the President has requested for more than two dozen authorities in the Department of Education, while cutting the President's request by over \$1 billion. We strongly urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly, as noted below, those contained in the Bipartisan Budget Agreement.

Unfortunately, the Administration understands that a number of controversial amendments may be offered, such as an amendment to halt the President's national testing initiative, an amendment to prohibit the use of funds in the Act for supervising the Teamster's election, and another amendment to prohibit the Education Department from enforcing federal laws against discrimination in public education admissions through affirmative action or preferences in any State where affirmative action or preferences are prohibited by State law. In addition, certain provisions of the Committee bill, such as the lack of funding for the President's America Reads Challenge, are contrary to the Bipartisan Budget Agreement. If such policies were adopted, particularly in light of other concerns raised in this Statement of Administration Policy, the President's senior advisers would be forced to recommend that the President veto the bill.

Department of Education

The Administration appreciates the Committee's efforts to provide substantial new funding for education activities. Unfortunately, the Committee has failed to provide the \$260 million necessary for the President's America Reads Challenge in the Department of Education, and the bill provides only \$10 million of the \$42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill. The Committee has provided advance funding for America Reads to the Department of Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "consistent with the goals and concepts of the President's America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that full FY 1998 funding for this initiative should be restored to both the Department of Education and the Corporation for National and Community Service activities funded in this bill and in the VA/HUD Appropriations bill.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1 for a program that would begin on July 1, in time for summer activities and the 1998-1999 school year. The Administration also strongly urges the Congress to include in this Act a provision to make the funds available on April 1 under existing authorities, in the event that final action on the authorization bill is not completed in a timely manner.

The Administration is strongly opposed to amendments that would bring a halt to the President's national testing initiative. The national tests proposed by the President are critical because they will, for the first time, provide students, parents, and teachers the opportunity to measure how well students are performing in comparison to other students nationally and internationally and, as a result, they will help hold schools accountable to parents and communities for the performance of all students. The Department of Education has the authority to develop these tests under the Fund for the Improvement of Education (FIE). We support the bill's requirement that the Department of Education contract with the National Academy of Science to conduct a study and report on the testing initiative. In addition, we support legislation to place overall responsibility for the testing initiative with the independent, bipartisan National Assessment Government Board.

The Administration urges the House to provide adequate funding for the FIE program that finances this testing initiative, so that sufficient funding will also be available for continuations, new awards, and congressional directives.

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Pell grants, which supports both a \$3,000 maximum award and expanded eligibility for independent students. The Committee bill cuts the Pell request by over \$197 million, and does not authorize the Administration's proposed independent student policy. This authorization is no different from the Committee's annual procedure

of authorizing the maximum Pell grant award. We urge the House to fully fund Pell grants and to authorize both the maximum award and the independent student change.

The Committee bill funds Education Reform at \$1.13 billion, \$110 million below the level agreed to in the Bipartisan Budget Agreement. Within the total, Goals 2000 is funded at only \$475 million, \$145 million below the request. Goals 2000 funds provide essential support to every State's education improvement strategy. We strongly urge the House to restore full funding for Goals 2000.

The Administration strongly opposes a proposed amendment that would prohibit the investigation of violations by and imposition of penalties upon States that do not comply with the statutory requirement of the Individuals with Disabilities Education Act (IDEA) Amendments of 1997 to serve eligible individuals with disabilities age 18 or older in adult State prisons. The Amendments reduced States' burden by reducing the number of eligible individuals and by limiting the types of services that must be provided. Since prison education programs have a positive affect on reducing recidivism and on post release employment success, the requirement to serve this population should be properly enforced.

The Administration urges the House to fund Safe and Drug-Free Schools and Communities (SDFSC) at the President's FY98 request of \$620 million, \$64 million above the House mark. SDFSC, the largest Federal school-based drug and violence prevention program, serves more than 40 million students in over 97 percent of the nation's school districts and is an essential component of a comprehensive effort to reduce teen drug use.

The Administration is concerned about a proposed amendment that would cut funding for the Statistics program by \$14 million, which would mean that the Department of Education would not be able to move forward on a number of studies, including those providing key data on early childhood, student achievement, teachers, and adult literacy. The Administration urges the House to oppose this proposed amendment, and to provide the requested level.

The Committee has included language amending the definition of an eligible lender in the Federal Family Education Loan Program. The language would provide a broad exception to the current limitation on how much of a bank's portfolio can be guaranteed student loans, including loans that a bank holds as a trustee for a third party. It would also allow finance companies, the financial solvency of which is not regulated by a public entity as are banks, to be eligible lenders. Both of these provisions would increase the Federal exposure to financial risk and weaken parts of the statute that have been passed specifically in response to prior abuses. The provision should be stricken from the bill.

We urge the House to fund at the President's Budget level other high priority Education programs, including Adult Education, Eisenhower Professional Development, and Charter Schools.

Department of Health and Human Services

The Administration is deeply concerned that the Committee has failed to provide \$21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The Administration strongly urges the House to fully fund this urgently-needed program at the President's requested level.

An amendment has been made in order that would include a prohibition on the purchase of managed care coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would not only maintain, but would further limit the range of conditions under which a woman's health would permit access to abortion. Furthermore, it would require a physician to make a legal determination that these conditions have been met. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges the House not to adopt the amendment. Nonetheless, it is helpful that the amendment is clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of States to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by State or private funds.

The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, the Administration is concerned about a potential amendment on the House Floor requiring parental consent for minors to receive contraceptive health services in Title X Family Planning clinics. Mandating parental consent for contraceptive services could discourage sexually active minors from seeking health care and reproductive counseling services and, thus, lead to even more unwarranted pregnancies, more abortions, and more sexually transmitted diseases, including HIV, among our Nation's youth. As an alternative, the Administration prefers the amendment made in order in the rule that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and that they provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities. The Administration does not support two likely amendments that would decrease funding for the Title X Family Planning program below the request of \$203 million.

An amendment may be offered that would prohibit the use of funds in the Act for needle exchange programs. The Administration opposes such an amendment. Under current law, the Secretary may authorize such programs only after scientific study and a formal determination that they would both prevent the spread of disease and not contribute to drug abuse. The Department is currently engaged in this research. It is premature to foreclose the possible public health benefits before the scientific evidence has even been considered.

The House Committee has not provided funding for the Medicare Transaction System (MTS), noting criticisms of the MTS design. The President's \$89 million request would

fund consolidation of HCFA's current contractor systems, which needs to occur prior to, and independent of, final resolution of MTS design issues. The Committee also notes that funding for the Medicare Integrity Program, established by the Kassebaum-Kennedy legislation, could be used to fund MTS. We believe that using Medicare Integrity Program funding for this purpose would be inappropriate since that program was established specifically to combat fraud and abuse. To the extent possible, the Administration urges the House to restore funding for MTS to the requested level.

The Administration is pleased that the Committee has provided the requested increase of \$40 million over FY 1997 for Ryan White AIDS Treatment Grants, and an additional \$132 million to help States purchase drugs. However, the Committee has not allocated the \$40 million increase among the Titles of the Ryan White CARE Act toward primary care as proposed in the FY 1998 Budget. The Administration's proposed allocation targets additional resources to those Titles that emphasize the delivery of primary care, a particularly important priority now that the prospects for medical care for people infected with HIV have improved dramatically. The Administration looks forward to working with Congress to ensure that the resources provided to the Ryan White AIDS Treatment Grants are distributed in a way that is consistent with the priorities placed on primary care in the President's budget.

The Administration is concerned that the Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research, as requested in the President's budget. The single appropriation would help NIH plan and target NIH research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

The Administration is concerned that the Committee has not provided the full increase requested for HIV prevention programs of the Center for Disease Control and Prevention. The Budget proposes a \$17 million increase for this activity to target HIV prevention for intravenous drug users at risk of developing the virus. The Administration urges the House to provide the full requested amount to the extent possible.

The President's Budget includes \$39 million for welfare research. The Committee has provided only \$21 million. In order to gauge the effects of welfare reform, review and monitoring research is needed now more than ever. The Administration urges the House to fund welfare research at the President's requested level.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services (TES), including Job Corps. The Committee mark is \$233 million below this level. The Committee has provided \$100 million in FY 1999 for the Youth Opportunity Area proposal, subject to enactment of authorizing legislation. This program is an essential component of the Administration's Enterprise Zones/Empowerment Communities initiative. It may be carried out under

existing legislation, and a separate authorization is not necessary. The House is urged to provide resources for this initiative in FY 1998, without the restriction imposed by the Committee.

We understand that an amendment may be offered that would further reduce funding for the Job Training Partnership Act's low-income adult training grant program by \$21 million, and thus deny training and employment services to some 7,000 low-income adults and welfare recipients pursuing economic self-sufficiency. We strongly urge the House to reject the amendment.

The Committee has failed to provide \$89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Balanced Budget Act of 1997, and would, over five years, achieve \$763 million in mandatory savings assumed in the Act. The House is urged to provide this increase.

On July 17, 1997, the President sent to Congress a budget amendment for \$6.2 million for the Labor Department to administer the \$3 billion Welfare-to-Work program. This program is agreed to by Congress in the Balanced Budget Act of 1997, effective October 1, 1997. We urge the House to add these funds.

The Committee has provided \$981 million, an increase of \$32 million over the FY 1997 enacted level, for the Department of Labor workplace protection programs, about half of the President's proposed increase. Without the requested increase, the Department will not be able to carry out a balanced program of targeted enforcement with expanded partnerships and compliance assistance in the regulated community, or streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. In addition, funding for the independent National Labor Relations Board has been frozen, a cut of \$11 million below the request. The Administration urges the House to enact the Administration's request for these programs.

Social Security Administration

The Committee has provided \$245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, \$45 million less than the President's request. This amount is not subject to the discretionary spending caps. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the House to provide the additional \$45 million.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services, including Job Corps. The Committee mark provides the Administration's request for low-income youth and adult training programs, dislocated workers, and the Job Corps. However, in order to be consistent with the Agreement, we urge the House to provide an additional \$233 million to fully fund the request for new and existing TES programs in FY 1998. The Committee has provided \$100 million in FY 1999 for the Youth Opportunity Area proposal subject to passage of authorizing legislation. This program may be carried out under existing legislation, and a separate authorization is not necessary. The House is urged to provide resources for this initiative in FY 1998 without the restriction provided by the Subcommittee.

The Administration appreciates the Committee's allocation of \$200 million to help finance the year 2000 conversion of State Unemployment Insurance (UI) systems. However, the Committee has failed to provide \$89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Bipartisan Budget Agreement, and would, over five years, achieve \$763 million in mandatory savings assumed in the Agreement. The House is urged to provide this increase.

On July 17, 1997, the President sent to Congress a budget amendment for \$6.2 million for the Labor Department to administer the \$3 billion Welfare to Work program. This program is agreed to by Congress in the Bipartisan Budget Agreement and will be included in the final Reconciliation bill, effective October 1, 1997. We urge the House to add these funds to this appropriation bill so that the administrative resources needed to move long-term welfare recipients off of welfare and into lasting unsubsidized employment are available on a timely basis.

Social Security Administration

The Committee has provided \$245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, \$45 million less than the President's request. The pending reconciliation bill contains a provision that would provide authority for a \$290 million upward cap adjustment (\$45 million more than current law) to the non-defense discretionary spending caps for funding provided by the Subcommittee for additional CDRs.

This is consistent with the President's request. Failure to provide the additional funds means some 15 percent fewer individuals will have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the House to provide the additional \$45 million.

The Committee has included language to authorize increases to the fee States pay SSA for administering State payments that are supplemental to SSI benefits, and provide for such funds to be available, subject to appropriations action, upon collection for SSA administrative expenses. This provision is consistent with the Bipartisan Budget Agreement, and the Administration commends the Committee's actions.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment

(House Rules)

ADDITIONAL CONCERNS

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

All Agencies Covered by the Bill

Operating Plans. The Committee report calls for all agencies covered in the bill to provide to the Committee "operating plans" for appropriations. We are prepared to work with the Committee to discuss the purpose of this request and determine how to address it.

Department of Health and Human Services

Community Schools: Violent Crime Reduction. While the Administration supports the Committee's funding of Violence Against Women Act programs, the Committee has provided no funding for the Community Schools program within the Violent Crime Reduction Programs account or for the Community-Based Resource Centers and Developmental Disabilities Special Projects activities. We urge the House to restore funding for these programs.

Aging Services Programs. Within the Administration on Aging, the Committee has provided no funding for certain Aging Services Programs, including Preventive Health Maintenance, Alzheimer's Initiative, and Research, Training, and Discretionary activities. These important programs provide critical resources for the elderly.

Medicare Survey and Certification User Fees. The President's budget proposes total funding of \$158 million for the surveys and certification program, \$148 million in budget authority and \$10 million in user fees. The Committee has provided \$148 million in budget authority which is \$10 million below the President's request. On March 27, 1997, the Administration transmitted legislation to Congress for the authorization of \$10 million in new survey and certification user fees. The Administration believes that health care providers who derive considerable benefit from the Medicare program should fund the cost of conducting initial surveys required for entry into the program. We urge Congress to enact the Administration's survey and certification user fee proposal and to fully fund the President's request for this activity.

Hansen's Disease. The bill includes language that would transfer HHS's Hansen Disease treatment facility at Carville, Louisiana, to the State of Louisiana. The Administration supports this transfer, but objects to how the language transfers property to the State of Louisiana and how it handles personnel issues. We believe that the General Services Administration, the Federal government's property asset manager, should handle the transfer as authorized in the Federal Property and Administrative Services Act of 1949. In addition, the Administration strongly opposes those provisions pertaining to the computation of employee annuities and disability retirement benefits. The Administration urges the House to delete these provisions. There are a variety of ways to ensure the well-being of and retirement benefits for these employees, and the Administration wants to work with the House to draft language that is consistent with current law.

Additional Health Concerns. The Administration is concerned that the Committee has not provided the full request for the Office of Emergency Preparedness, HRSA Organ Transplantation, the Office for Civil Rights, CDC's National Center for Health Statistics, and SAMHSA Data Collection activities. To the extent possible, we urge that the requested funding level be provided.

Department of Labor

Worker Protection and Enforcement Funding. The Committee has provided \$981 million, an increase of \$32 million over the FY 1997 enacted level for the Department of Labor workplace protection programs, about half of the proposed increase. The independent National Labor Relations Board was frozen, a cut of \$11 million below the request. The Administration urges the House to enact the Administration's request for these programs. Without the requested increases, the Department will not be able to carry out a balanced program of targeted enforcement with expanded partnerships and compliance assistance in the regulated community, or streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements, requested for the Office of Federal Contract Compliance.

Social Security Administration

Official Time. Language of the Committee bill would bar the expenditure of trust fund money for employees who conduct union activities on official time. Paying for such expenses is consistent with both Federal law and SSA's collective bargaining agreements. Restricting certain funding sources from paying for this activity would unfairly shift costs

to the general fund and not reduce the amount of Federal funds expended on this legitimate activity. This limitation should be stricken from the bill.

Railroad Retirement Board

Inspector General. The Committee has included language prohibiting the use of any funds other than those in the Inspector General (IG) account for the provision of supplies, space, and services by other offices of the Railroad Retirement Board (RRB) to the IG. The language should be stricken from the bill. The Administration believes that the current means of financing centralized services provided to the IG is consistent with the provisions of the IG Act and that the RRB should not be singled out in this respect. The Administration also notes that, once the amount specified in report language related to these support services is factored into the total for the IG, the Committee would effectively reduce the IG budget by 17 percent from the FY 1997 enacted level. The President's request is for level funding; the Committee's reduction is excessive.

Inspector General. The Committee bill includes language prohibiting the Railroad Retirement Board (RRB) Inspector General from using funds for any audit, investigation, or review of the Medicare program. RRB has statutory authority to administer a separate contract for RRB, Part B Medicare claims. The Administration believes that this language should be dropped. As long as RRB has authority to negotiate and administer a separate Medicare contract, the RRB Inspector General ought not to be prohibited from using funds to review, audit, or investigate activity related to that contract.

July 29, 1997
(House Floor)

H.R. 2266 --DEPARTMENT OF DEFENSE APPROPRIATIONS BILL,
FY 1998
(Sponsors: Livingston (R), Louisiana; Young (R), Florida)

This Statement of Administration Policy provides the Administration's views on H.R. 2266, the Department of Defense Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We appreciate the Committee's decision to fund the National Missile Defense program at the levels recommended in the Quadrennial Defense Review (QDR). Likewise, we appreciate the Committee's fully funding, at requested levels, contingency operations in both Bosnia and Southwestern Asia.

The Administration, however, has serious concerns about certain provisions of the Committee bill. Overall, for the reasons stated below, the Secretary of Defense would join the President's other senior advisers in recommending that the President veto the bill if it were presented to him in its current form.

Bosnia Funding Provision

The Administration strongly objects to the provision of the Committee bill that would prohibit funding for U.S. ground operations in Bosnia after a date certain. This provision could jeopardize the safety of our troops and damage our national security interests. It would seriously undermine our commitment to shepherd the Dayton Peace Accords to full implementation and undercut our ability to complete successfully the NATO-led mission in Bosnia. This would result in a serious loss of credibility with our allies, the Bosnian parties, and with other countries participating in the Stabilization Force (SFOR). In addition, the provision contains onerous reporting language that also requests foreign military planning information. Since the President cannot require our allies to divulge their military plans publicly, the reporting requirements could place the President in violation of the law.

B-2 Bombers

The Administration firmly opposes the \$331 million increase to the President's request for B-2 production, procurement, and maintenance costs. The Department of Defense concluded in both the Deep Attack Weapons Mix Study and the Quadrennial Defense Review that the costs of procuring more B-2s exceed the benefits. Furthermore, the additional aircraft would incur 20-year life-cycle costs of approximately \$20 billion, which would weaken the ability of the Air Force to acquire other urgently needed weapons systems. These resources should be allocated to higher priority requirements.

Overall Spending

Under Committee scoring, the bill provides \$248.1 billion in total discretionary funding, exceeding the President's request by \$4.8 billion, an amount greater than the increase assumed in the Bipartisan Budget Agreement. Achieving this funding level required a reallocation of funds from Department of Energy programs to Department of Defense (DoD) programs, an action we believe is an unacceptable deviation from our understanding of the Bipartisan Budget Agreement. Moreover, the Committee bill provides funds for unrequested programs not in the DoD Future Years Defense Program (FYDP), at the expense of higher priority programs requested by the Department. We urge the House to eliminate funding for programs not anticipated in the Pentagon's long-range plans and to restore funding to programs of higher priority.

Increases in Procurement Programs Not in the FYDP

The Committee bill would provide an additional \$3.9 billion for procurement programs above the Administration's request. Over \$1.5 billion of this increase is for programs not in the FYDP and of questionable value to the Department's overall plans to modernize military forces. These include: an additional \$331 million for B-2 Bombers; \$230 million for 4 modified C-130J airlift aircraft; \$175 million for OH-58D Kiowa Warriors Helicopters; \$56 million for modifications to Paladin Self-Propelled Artillery systems for the Army National Guard; and, \$40 million for the Field Artillery Ammunition Support Vehicles for the Army National Guard. While we appreciate the flexibility the Committee has provided for allocating the National Guard and Reserve equipment increase, we nonetheless oppose the additional \$850 million for National Guard and Reserve equipment that has been added for programs not in the FYDP.

The Administration urges reallocation of these appropriations to support key DoD modernization programs such as the Navy's Arsenal Ship Demonstrator, the next-generation aircraft carrier (CV(X)-78), and advance procurement funding for the second nuclear aircraft carrier refueling overhaul.

Funding Restrictions on Shipbuilding Programs

The Administration is concerned with language of the Committee bill that would place restrictions on spending for a nuclear aircraft carrier refueling overhaul and on DDG-51 destroyers. Such spending restrictions would be disruptive to the proper management of these programs.

Cooperative Threat Reduction Program

The Committee bill would reduce DoD's Cooperative Threat Reduction (CTR) program by \$97.5 million from the Administration's request. The CTR program is an important and highly effective means of enhancing U.S. security through eliminating weapons of mass destruction and preventing weapons proliferation. The request of \$382.2 million is a bare-bones figure based on a difficult prioritization of a long list of potential projects.

The proposed reduction would force DoD to delay several projects in the Former Soviet Union in critical areas such as the destruction of nuclear delivery systems and chemical weapons, improvements to the safety and security of stored nuclear warheads and fissile material, and the cessation of production of weapons-grade plutonium. The Administration urges the House to restore appropriations to the requested level.

Dual Use Application Program

The Committee has provided only \$100 million of the \$225 million requested for the Dual Use Application Program (DUAP). The Administration strongly opposes the Committee's reduction from the requested amount for this high priority program. DUAP will save money in DoD's most rapidly growing cost category -- operating and support costs -- by inserting commercial technologies in fielded weapons systems and by enabling the Military Departments to take advantage of the commercial innovation cycle and get better technology to the field quickly.

Advanced Concept Technology Demonstration Program

The Committee bill would reduce by \$60 million the President's \$121 million request for the Advanced Concept Technology Demonstration (ACTD) program. This program supports work on new and innovative defense system concepts and could provide the basis for systems providing a decisive military edge over adversaries in the next century. This reduction would limit the Department's ability to test these new defense systems early in the development phase, when changes to these systems provide the greatest payoff. The Administration urges the House to restore funding to the level requested in the President's budget.

Executive Compensation

The Administration does not support the Committee's uniform cap on executive compensation. In lieu of this cap, we urge the House to adopt the Administration's February 28, 1997, legislative proposal, which recognizes that contractor executive compensation limitations should reflect pay levels based on industry norms.

Overseas Humanitarian Disaster and Civic Assistance

The Administration objects to the Committee's \$25 million cut to DOD's Overseas Humanitarian Disaster and Civic Assistance (OHDACA) account. The Administration requests restoration of funding for the OHDACA account to the President's requested level so that the Department can respond appropriately to unanticipated global emergencies such as last year's evacuation of the Kurds (and DoD employees) from northern Iraq.

Unmanned Aerial Vehicle

The Administration objects to the Committee's termination of the Outrider unmanned aerial vehicle (UAV) program. The Outrider is needed to meet the Joint's Staff's number one UAV requirement -- a Tactical UAV. Termination of the Outrider would significantly delay the fielding of any tactical UAV reconnaissance capabilities.

Joint Chiefs of Staff Exercise Program Cuts

The Committee bill recommends sharp reductions to requested funding for the Joint Chiefs of Staff (JCS) exercise program. This program provides for the transportation of U.S. forces to engage in large-scale joint training operations with other U.S. services and allies. The Administration is concerned about the size of the reduction to this program and will work with the Congress to determine the appropriate funding level for JCS exercises as the bill moves through the process.

Restrictions on Presidential Foreign Policy Prerogatives

The Committee bill includes a general provision that would limit the President's flexibility to conduct foreign relations with respect to North Korea (section 8058). Given continuing uncertainty on the Korean Peninsula, such a provision would hinder the President's ability to use all means at his disposal to prevent a disastrous conflict from breaking out. The Administration urges the House to delete this provision.

Limitation on Transfer of Defense Articles and Services

Section 8072 of the Committee bill would forbid the use of funds to transfer defense articles or services to another nation or to an organization in connection with international peacekeeping or humanitarian operations, unless the President gives 15 days' advance notice to Congress. The provision, though, includes no waiver for national security emergencies such as providing weapons to troops supporting U.S. forces engaged in hostilities. Because the provision, if read to forbid such action, would intrude on the President's authority as Commander in Chief, the Department of Justice advises that the provision would be construed as inapplicable in such situations.

Joint Air-to-Surface Standoff Missile

The Committee bill would delete all funding and terminate the Joint Air-to-Surface Standoff Missile (JASSM) program in favor of the Joint Standoff Land Attack Missile (SLAM) program. The Joint Requirements Oversight Council (JROC) has repeatedly reviewed the SLAM-Extended Range (ER) and JASSM programs and has found insufficient technical and engineering data on either program that would lead to cancellation. The current Joint Service strategy is to collect data on both weapons to perform an informed, accurate, and timely Analysis of Alternatives to determine which system will provide warfighters with the required effectiveness at the best value. A premature and unsubstantiated decision could later result in a more expensive and less capable weapon.

NATO Joint Surveillance and Target Attack Radar System

The Administration urges the House to fund the NATO Joint Surveillance and Target Attack Radar System (JSTARS) program at the level requested in the President's budget. JSTARS aircraft provide real-time surveillance of the battlefield and rear echelons by detecting, identifying, and tracking enemy armor and vehicular traffic and providing their locations for targeting. A reduction to this program could adversely affect a decision by NATO to proceed with the anticipated purchase of the JSTARS aircraft.

DoD Basic Research

The Committee bill would provide \$1.028 billion for DoD basic research, a decrease of \$135 million from the \$1.164 billion Administration request. This large reduction, distributed over a wide variety of subject areas, would slow the advancement of basic science needed to provide technology options for future weapon systems and to advance the state of U.S. scientific knowledge. The Administration asks that the House provide the full amount requested.

July 28, 1997
(House Rules)

H.R. 2266 -- DEPARTMENT OF DEFENSE APPROPRIATIONS BILL,
FY 1998
(Sponsors: Livingston (R), Louisiana; Young (R), Florida)

This Statement of Administration Policy provides the Administration's views on H.R. 2266, the Department of Defense Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We appreciate the Committee's decision to fund the National Missile Defense program at the levels recommended in the Quadrennial Defense Review (QDR). Likewise, we appreciate the Committee's fully funding, at requested levels, contingency operations in both Bosnia and Southwestern Asia.

The Administration, however, has serious concerns about certain provisions of the Committee bill. Overall, for the reasons stated below, the Secretary of Defense would join the President's other senior advisers in recommending that the President veto the bill if it were presented to him in its current form.

Bosnia Funding Provision

The Administration strongly objects to the provision of the Committee bill that would prohibit funding for U.S. ground operations in Bosnia after a date certain. This provision could jeopardize the safety of our troops and damage our national security interests. It would seriously undermine our commitment to shepherd the Dayton Peace Accords to full implementation and undercut our ability to complete successfully the NATO-led mission in Bosnia. This would result in a serious loss of credibility with our allies, the Bosnian parties, and with other countries participating in the Stabilization Force (SFOR). In addition, the provision contains onerous reporting language that also requests foreign military planning information. Since the President cannot require our allies to divulge their military plans publicly, the reporting requirements could place the President in violation of the law.

B-2 Bombers

The Administration firmly opposes the \$331 million increase to the President's request for B-2 production, procurement, and maintenance costs. The Department of Defense concluded in both the Deep Attack Weapons Mix Study and the Quadrennial Defense Review that the costs of procuring more B-2s exceed the benefits. Furthermore, the additional aircraft would incur 20-year life-cycle costs of approximately \$20 billion, which would weaken the ability of the Air Force to acquire other urgently needed weapons systems. These resources should be allocated to higher priority requirements.

Overall Spending

Under Committee scoring, the bill provides \$248.1 billion in total discretionary funding, exceeding the President's request by \$4.8 billion, an amount greater than the increase assumed in the Bipartisan Budget Agreement. Achieving this funding level required a reallocation of funds from Department of Energy programs to Department of Defense (DoD) programs, an action we believe is an unacceptable deviation from our understanding of the Bipartisan Budget Agreement. Moreover, the Committee bill provides funds for unrequested programs not in the DoD Future Years Defense Program (FYDP), at the expense of higher priority programs requested by the Department. We urge the House to eliminate funding for programs not anticipated in the Pentagon's long-range plans and to restore funding to programs of higher priority.

Increases in Procurement Programs Not in the FYDP

The Committee bill would provide an additional \$3.9 billion for procurement programs above the Administration's request. Over \$1.5 billion of this increase is for programs not in the FYDP and of questionable value to the Department's overall plans to modernize military forces. These include: an additional \$331 million for B-2 Bombers; \$230 million for 4 modified C-130J airlift aircraft; \$175 million for OH-58D Kiowa Warriors Helicopters; \$56 million for modifications to Paladin Self-Propelled Artillery systems for the Army National Guard; and, \$40 million for the Field Artillery Ammunition Support Vehicles for the Army National Guard. While we appreciate the flexibility the Committee has provided for allocating the National Guard and Reserve equipment increase, we nonetheless oppose the additional \$850 million for National Guard and Reserve equipment that has been added for programs not in the FYDP.

The Administration urges reallocation of these appropriations to support key DoD modernization programs such as the Navy's Arsenal Ship Demonstrator, the next-generation aircraft carrier (CV(X)-78), and advance procurement funding for the second nuclear aircraft carrier refueling overhaul.

Funding Restrictions on Shipbuilding Programs

The Administration is concerned with language of the Committee bill that would place restrictions on spending for a nuclear aircraft carrier refueling overhaul and on DDG-51 destroyers. Such spending restrictions would be disruptive to the proper management of these programs.

Cooperative Threat Reduction Program

The Committee bill would reduce DoD's Cooperative Threat Reduction (CTR) program by \$97.5 million from the Administration's request. The CTR program is an important and highly effective means of enhancing U.S. security through eliminating weapons of mass destruction and preventing weapons proliferation. The request of \$382.2 million is a bare-bones figure based on a difficult prioritization of a long list of potential projects.

The proposed reduction would force DoD to delay several projects in the Former Soviet Union in critical areas such as the destruction of nuclear delivery systems and chemical weapons, improvements to the safety and security of stored nuclear warheads and fissile material, and the cessation of production of weapons-grade plutonium. The Administration urges the House to restore appropriations to the requested level.

Dual Use Application Program

The Committee has provided only \$100 million of the \$225 million requested for the Dual Use Application Program (DUAP). The Administration strongly opposes the Committee's reduction from the requested amount for this high priority program. DUAP is saving money in DoD's most rapidly growing cost category -- operating and support costs -- by inserting commercial technologies in fielded weapons systems and by enabling the Military Departments to take advantage of the commercial innovation cycle and get better technology to the field quickly.

Advanced Concept Technology Demonstration Program

The Committee bill would reduce by \$60 million the President's \$121 million request for the Advanced Concept Technology Demonstration (ACTD) program. This program supports work on new and innovative defense system concepts and could provide the basis for systems providing a decisive military edge over adversaries in the next century. This reduction would limit the Department's ability to test these new defense systems early in the development phase, when changes to these systems provide the greatest payoff. The Administration urges the House to restore funding to the level requested in the President's budget.

Executive Compensation

The Administration does not support the Committee's uniform cap on executive compensation. In lieu of this cap, we urge the House to adopt the Administration's February 28, 1997, legislative proposal, which recognizes that contractor executive compensation limitations should reflect pay levels based on industry norms.

Overseas Humanitarian Disaster and Civic Assistance

The Administration objects to the Committee's \$25 million cut to DOD's Overseas Humanitarian Disaster and Civic Assistance (OHDACA) account. The Administration requests restoration of funding for the OHDACA account to the President's requested level so that the Department can respond appropriately to unanticipated global emergencies.

Unmanned Aerial Vehicle

The Administration objects to the Committee's termination of the Outrider unmanned aerial vehicle (UAV) program. The Outrider is needed to meet the Joint's Staff's number

one UAV requirement -- a Tactical UAV. Termination of the Outrider would significantly delay the fielding of any UAV reconnaissance capabilities.

Joint Chiefs of Staff Exercise Program Cuts

The Committee bill recommends sharp reductions to requested funding for the Joint Chiefs of Staff (JCS) exercise program. This program provides for the transportation of U.S. forces to engage in large-scale joint training operations with other U.S. services and allies. The Administration is concerned about the size of the reduction to this program and will work with the Congress to determine the appropriate funding level for JCS exercises as the bill moves through the process.

Restrictions on Presidential Foreign Policy Prerogatives

The Committee bill includes a general provision that would limit the President's flexibility to conduct foreign relations with respect to North Korea (section 8058). Given continuing uncertainty on the Korean Peninsula, such a provision would hinder the President's ability to use all means at his disposal to prevent a disastrous conflict from breaking out. The Administration urges the House to delete this provision.

Limitation on Transfer of Defense Articles and Services

Section 8072 of the Committee bill would forbid the use of funds to transfer defense articles or services to another nation or to an organization in connection with international peacekeeping or humanitarian operations, unless the President gives 15 days' advance notice to Congress. The provision, though, includes no waiver for national security emergencies such as providing weapons to troops supporting U.S. forces engaged in hostilities. Because the provision, if read to forbid such action, would intrude on the President's authority as Commander in Chief, the Department of Justice advises that the provision would be construed as inapplicable in such situations.

Joint Air-to-Surface Standoff Missile

The Committee bill would delete all funding and terminate the Joint Air-to-Surface Standoff Missile (JASSM) program in favor of the Joint Standoff Land Attack Missile (SLAM) program. The Joint Requirements Oversight Council (JROC) has repeatedly reviewed the SLAM-Extended Range (ER) and JASSM programs and has found insufficient technical and engineering data on either program that would lead to cancellation. The current Joint Service strategy is to collect data on both weapons to perform an informed, accurate, and timely Analysis of Alternatives to determine which system will provide warfighters with the required effectiveness at the best value. A premature and unsubstantiated decision could later result in a more expensive and less capable weapon.

NATO Joint Surveillance and Target Attack Radar System

The Administration urges the House to fund the NATO Joint Surveillance and Target Attack Radar System (JSTARS) program at the level requested in the President's budget. JSTARS aircraft provide real-time surveillance of the battlefield and rear echelons by detecting, identifying, and tracking enemy armor and vehicular traffic and providing their locations for targeting. A reduction to this program could adversely affect a decision by NATO to proceed with the anticipated purchase of the JSTARS aircraft.

September 24, 1997
(House Floor)

H.R. 2267 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 2267, the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. For example, we appreciate the Committee's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of \$1.4 billion is consistent with the Bipartisan Budget Agreement and would enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, funding could be reduced for the Local Law Enforcement Block Grant and the new Juvenile Justice Block Grant. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

The Administration is particularly concerned about the objectionable funding level provided for the Legal Services Corporation and language that would prohibit any funds from being used for activities related to the design, planning, testing, or implementation of sampling in the 2000 Census, and would further require the passage of an authorization bill prior to the expenditure of more than \$100 million for any 2000 decennial planning operations. In addition, the Hastert amendment, approved by the Rules Committee, would effectively ban sampling in the guise of providing for judicial review. If the bill presented to the President were to contain the funding level provided in the Committee bill for the Legal Services Corporation or the restrictions on Census activities in either the Committee bill or the Hastert amendment, the President's senior advisers would recommend that the President veto the bill.

To date, the Administration has been working with the Appropriations Committees to include items contained in the Bipartisan Budget Agreement in the FY 1998 appropriations bills, in the hope that these issues could be worked out. We are concerned that several of these and other priority issues are not being resolved in a satisfactory manner. If these issues are not resolved satisfactorily, the President's senior advisers would recommend that he veto the bill.

Department of Commerce

Census Sampling -- Committee provision. The Administration strongly opposes the Committee's language that would prohibit any funds from being used for activities related to the design, planning, testing, or implementation of sampling in the 2000 Census, and would further require the passage of an authorization bill prior to the expenditure of more than \$100 million for any 2000 decennial planning operations. This represents an unprecedented and unacceptable attempt to micromanage the decennial census. Such restrictions would seriously undermine decennial census planning operations, especially with regard to address list development, procurement, and the 1998 Decennial Dress Rehearsal. The President's senior advisers have indicated that they would recommend that the President veto the bill if it were to contain this provision.

Census Sampling -- Hastert Amendment. The Administration also strongly opposes the Hastert amendment because it effectively bans sampling in the guise of providing for judicial review. The Hastert amendment would prohibit the Census Bureau from expending any funds on planning, preparing or testing for the use of sampling after a civil action is filed until the Supreme Court has determined that sampling is constitutional and authorized by statute.

First, the Administration is concerned that the amendment's requirement for a final Supreme Court endorsement of sampling prior to any planning, testing or use of sampling in the 2000 census would simply act to ban sampling for the census. For example, the amendment does not satisfy constitutional standards for standing. The Supreme Court has required that a plaintiff must have suffered an injury that is "concrete and particularized." It is unlikely that those defined as "aggrieved parties" will be deemed to have the requisite injury to satisfy Article III. In the recent legislative veto decision, for example, the Court found that members of Congress did not have standing to challenge that statute. *Raines v. Byrd*, 117 S.Ct. 2312 (1997). This limitation is jurisdictional, cannot be waived, and can be raised by the Court on its own.

Moreover, the Supreme Court held in 1992 that it could not rule on legal challenges to the Census Bureau's actions until after the President sends the census numbers to Congress. *Franklin v. Massachusetts*, 505 U.S. 788 (1992). There is thus a serious question as to whether the Court has the power to rule on the merits of a census before the results of that census are finalized. Given these problems, subsection (d)(2)'s requirement of a judicial endorsement of sampling effectively prohibits sampling.

Finally, the Hastert amendment would likely lead to complicated, lengthy, and complex litigation highly unlikely to be resolved in a time frame to permit planning, testing, and use of sampling. Litigation is not consolidated in any one district, there is no deadline for filing suit, and no limit on the number of suits that may be filed. The Court will therefore be required to hear numerous appeals. This problem is magnified because virtually every United States citizen is an "aggrieved party," given a cause of action and an appeal of right to the Supreme Court. Denying funding during this potentially lengthy judicial process would effectively prevent use of sampling in the 2000 census.

For all these reasons, the President's senior advisers would recommend that the President veto the bill if it were to contain the Hastert amendment.

Census sampling -- Mollohan amendment. Without the limited use of sampling, the accuracy of the census would decrease significantly, especially with regard to children and minority groups that have traditionally been undercounted. The National Academy of Sciences, the General Accounting Office, the Commerce Department Inspector General, and the vast majority of the professional statistical community support the use of sampling in the decennial census. The Administration remains committed to working with Congress on this important issue, and supports the Mollohan amendment concerning Census 2000. In addition to striking the bill's restrictions on sampling, the Mollohan amendment would create a commission to monitor decennial census preparation and implementation and would periodically report on whether any part of the process had been manipulated so as to favor any region or group.

National Oceanic and Atmospheric Administration. We are disappointed that the Committee bill would provide only \$8 million of the \$22 million requested for the President's Clean Water Initiative, which helps protect coastal communities from pollutants. The National Oceanic and Atmospheric Administration (NOAA) is the primary trustee of our Nation's coastal resources and, as such, plays an important role in this initiative. The \$22 million initiative builds from NOAA's unique coastal responsibilities and partnerships with States and other Federal Trustee agencies. In addition, we are disappointed that the Committee has not included any funding for the Global Learning and Observations to Benefit the Environment Program (GLOBE). This program was developed to increase understanding of the Earth and has already formed partnerships with over 2,500 U.S. schools and 35 other countries, involving thousands of students across the U.S. and worldwide. The Committee is recommending over \$30 million in funding for NOAA activities not requested by the Administration. We strongly urge that a portion of these funds be redirected to continue the Clean Water Initiative, GLOBE, and other priorities such as fisheries conservation and management.

National Institute of Standards and Technology (NIST). The Administration greatly appreciates the overall funding level for NIST and the Committee's support of the Bipartisan Budget Agreement. However, we strongly urge the House to drop language restricting new Advanced Technology Program awards and to adopt language allowing continued Federal funding for Manufacturing Extension Centers beyond six years, as was passed by the House in H.R. 1274. The Administration strongly opposes the Hostettler amendment, which would eliminate funding for the Advanced Technology Program.

National Information Infrastructure (NII). The Administration urges the House to reallocate resources between the NII grants program and the Public Broadcasting Facilities program. The Committee mark substantially reduces funding for the former and provides a large, unrequested increase for the latter. The NII program is meritorious,

providing seed money for innovative projects that deploy, use, and evaluate advanced telecommunications and information technology.

Legal Services Corporation

The Administration finds the Committee bill's funding level for the Legal Services Corporation (LSC) unacceptable. The bill would fund the LSC at \$141 million, \$142 million below the FY 1997 enacted level and \$199 million below the President's request of \$340 million. The amount that the Committee bill would provide, 65 percent below the FY 1995 level of \$400 million, would cripple the program and call into question the Federal Government's commitment to ensuring that all Americans, regardless of income, have access to the judicial system. The Administration strongly urges the House to fully fund the President's request. The President's senior advisers would recommend that he veto the bill if it contained the funding level in the Committee bill.

Reimbursement of Legal Fees

The Administration strongly opposes the Hyde amendment that would require the United States to pay attorney's fees and litigation costs to "prevailing parties" in federal criminal cases, unless the Government can demonstrate the case was "substantially justified." This would have a profound and harmful impact on the Federal criminal justice system. It would create a monetary incentive for criminal defense attorneys to generate additional litigation in cases in which prosecutors have in good faith brought sound charges, tying up the scarce time and resources that are vital to bringing criminals to justice.

The Fifth Amendment already requires that, in every Federal felony case, a grand jury of citizens find probable cause to bring charges against a defendant, thereby protecting against unjustified prosecutions. In addition, the Department of Justice and the courts have safeguards to guard against such prosecutions. The amendment, which would provide for reimbursement out of the budget of Federal prosecutors, would have a chilling effect on prosecutorial discretion.

The litigation generated by this proposal may require disclosure and compromise of confidential sources and law enforcement techniques. If the bill presented to the President were to include this provision, the President's senior advisers would recommend that he veto the bill.

Department of Justice

Drug Courts and Drug Testing. The Administration is disappointed by the failure of the Committee to provide any of the \$45 million requested increase for drug courts. The drug courts program is a proven, cost-effective means of using the coercive power of the courts to move non-violent offenders into drug treatment programs. Also, the President's budget would provide \$30 million to offset the costs associated with drug testing State and local arrestees. The Administration is concerned that the Committee does not identify \$30 million from the Byrne Grant program for the State and local portion of the drug testing program, as proposed by the President. The drug courts and drug testing programs could be restored to the requested levels by reducing the Committee's funding for the

Local Law Enforcement Block Grant program. Finally, last year the Congress enacted legislation that requires States to implement drug testing and intervention programs as a condition for receiving Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) grants. The Administration now urges the Committee to provide funding for the prisoner and parolee drug testing and intervention mandate by allowing States to offset the cost with VOI/TIS funding.

Juvenile Justice Block Grant. The Administration appreciates the Committee's desire to provide additional support for juvenile justice programs. However, the Administration is concerned that the \$300 million block grant program may authorize a broad and unfocused range of spending and urges the House to target \$100 million for the prosecutorial grant program, which is designed to facilitate the cooperation and coordination of prosecutors and police with school officials, probation officers, youth social service professionals, and community members in an effort to reduce the incidence of gang activity and violent juvenile crime. The Administration also urges the House to target \$50 million for the violent youth court program, which is designed to develop initiatives for use by the courts and court-related entities, such as probation and parole offices and victim/witness centers, to enhance and expedite the handling of youth violence cases.

Department of State

The Administration appreciates the Committee's support for the State Department's accounts that fund diplomatic and consular activities, which would help reverse the erosion of the Department's worldwide operations. We are also pleased that the Committee provided the transfers as requested to support the International Cooperative Administrative Support Services (ICASS) program.

The Administration welcomes the first-year funding of \$100 million for arrears payments, and strongly opposes the Bartlett amendment that would eliminate this funding. United States leadership in the United Nations and other international organizations on a host of issues of importance to the American people would be compromised if we fail to meet our binding obligations. Thus we are deeply concerned that this bill provide full funding for the FY 1998 annual assessments provided in Contributions to International Organizations and Contributions for International Peacekeeping Activities accounts. It is vital for the Administration to be able to pay annual costs, avoid new arrears, and have some flexibility to address unforeseen needs relating to peace and security around the world. While we appreciate report language that underscores the importance of funding the arrears, we want to work with the House to ensure that the final bill contains multi-year arrears funding provided for in the Balanced Budget Act, and consistent with the pending authorization bill. The Administration is committed to working with the House to resolve these important issues relating to the future of international organizations.

The Administration urges the House to strike two provisions that raise Constitutional concerns: section 609, which concerns diplomatic relations with Vietnam, and section 610, which relates to command and control of United Nations peacekeeping efforts. In addition to Constitutional concerns, we believe that the issues raised by these provisions

are being addressed in the pending authorization bill in more workable and appropriate ways.

Ounce of Prevention Council

The Administration strongly opposes the Committee's termination of the Ounce of Prevention Council. Elimination of this program would hinder the Federal Government's ability to help neighborhoods implement balanced strategies to reduce crime through enforcement, prevention, and intervention. The Council awards discretionary grants for promising community collaborative crime prevention programs, publishes a catalog of crime prevention grants and programs, and provides information and technical assistance. It plays a critical role in helping communities gain access to information on crime prevention best practices. The Administration strongly urges the House to provide funding for the Council and has identified an appropriate offset for that purpose.

Arms Control and Disarmament Agency

The Administration opposes the Committee mark of \$41.5 million for the Arms Control and Disarmament Agency (ACDA), which would undercut the Administration's efforts to reduce the threat of nuclear and other weapons to the security of the American people.

Comprehensive Nuclear Test Ban Treaty

In addition to the \$2.8 million requested in the FY 1998 Budget, a \$13 million budget amendment for Comprehensive Nuclear Test Ban Treaty requirements was transmitted on July 17th. The Administration urges the House to provide the full revised request for these important national security activities.

Equal Employment Opportunity Commission

The Administration strongly urges the House to fully fund the President's request of \$246 million for the Equal Employment Opportunity Commission given the importance of its work in addressing unlawful discrimination.

Office of the United States Trade Representative

The Administration appreciates the Committee's increase in funding for, and its past support of, the Office of the United States Trade Representative (USTR). USTR has had to manage a seven-fold increase in the number of World Trade Organization dispute settlement cases since the signing of the Uruguay Round Agreement. Despite its substantially increased workload, USTR has virtually the same number of attorneys working in this area as it did in 1990. USTR's work will be even more important in FY 1998 and in future years as the United States seeks to capitalize on new market-opening opportunities and to improve access to existing markets through enforcement actions.

Given these circumstances, the Administration has transmitted a fully-offset \$1.7 million budget amendment. We urge the House to provide the revised request.

National Endowment for Democracy

The Administration strongly supports the Committee mark of \$30 million, at the President's request level, for the National Endowment for Democracy. Full funding of the President's request is needed to support democracy-building programs throughout the world. We would strongly oppose any amendment offered on the House floor that would eliminate or reduce funding for these important programs.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment

(House Floor)

ADDITIONAL CONCERNS

H.R. 2267 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the Congress to address the following additional concerns:

Department of Commerce

Geostationary Satellites. The Administration is deeply concerned about the Committee's \$22 million reduction to the Geostationary Satellites (GOES) program. GOES provide critical data for warnings and forecasts of severe weather events. In order to maintain satellite continuity, particularly given recent technical malfunctions on existing spacecraft, it is imperative that NOAA have sufficient funding to award the contract for the follow-on series of GOES satellites.

Economic and Statistical Analysis. The Committee mark for Economic and Statistical Analysis (ESA) is insufficient to make necessary improvements to important economic indicators. For the past four years, ESA has been denied funding for improvements to GDP and related regional, national, and international accounts data. In the past, ESA has dealt with funding constraints by eliminating important but non-core activities such as the Pollution Abatement Survey and Regional Economic Projections. ESA cannot sustain the quality of the Nation's basic economic indicators under continued funding constraints.

Bureau of Export Administration. The Senate has recently passed the Chemical Weapons Convention implementing language, and the House is expected to do so shortly.

Therefore, the Administration urges the House to provide the full requested level, \$2.3 million, to the Bureau of Export Administration (BXA) for this activity. In addition, we urge the House to include seizure and forfeiture authority language for the BXA. This language would allow the BXA to become part of the Department of Justice's Assets Forfeiture Fund and is proposed in the Commerce Department's General Provisions in the FY 1998 Budget.

National Oceanic and Atmospheric Administration. We are concerned about language in the Committee bill detailing the National Oceanic and Atmospheric Administration's (NOAA's) appropriation at the line office level. Many of NOAA's programs involve multiple line offices, and this language would inhibit current synergies among line offices. The Administration requests elimination of this bill language. Also, the Committee Report earmarks NOAA funding on a project-by-project basis. We respectfully request the deletion of these excessive earmarks.

Department of Justice

Executive Support. The Administration opposes the Committee's action to freeze legislative and public affairs activities at FY 1995 levels for the Department, and to reduce funding and staff for the Immigration and Naturalization Service (INS). Freezing or reducing these activities would inhibit the Department's ability to clear legislation in a timely and responsive manner and constrain its capacity to serve Congress. The Administration urges the House to increase funding for the Executive Support offices and to delete restrictions on the use of detailees.

The Administration also objects to the Committee's action to reduce the number of non-career appointments in the INS. Limiting non-career appointments to four will adversely affect INS' ability to provide executive leadership.

Department of Transportation

Maritime Administration (MARAD). The \$65 million that the Committee bill would provide for MARAD Operations and Training would be insufficient to continue MARAD's current operations into FY 1998. The House is urged to provide no less than the \$69 million contained in the Senate bill. In addition, the \$3.45 million that would be provided for Title XI administrative expenses might result in a reduction in personnel that would jeopardize the effective oversight and management of Title XI projects. The House is urged to restore funding for this activity.

Federal Communications Commission

Relocation. The Committee bill would provide no funds in support of the Federal Communications Commission's (FCC's) scheduled move to the Portals complex. Failure to provide these funds would delay the move, which could result in the Government unnecessarily paying for rent on an unoccupied building. The Administration urges the House to provide the \$30 million required for the FCC move in FY 1998.

September 5, 1997
(House Rules)

H.R. 2267 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 2267, the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. For example, we appreciate the Committee's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of \$1.4 billion is consistent with the Bipartisan Budget Agreement and would enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, funding could be reduced for the Local Law Enforcement Block Grant and the new Juvenile Justice Block Grant. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

The Administration is particularly concerned about the objectionable funding level provided for the Legal Services Corporation and language that would prohibit any funds from being used for activities related to the design, planning, testing, or implementation of sampling in the 2000 Census, and would further require the passage of an authorization bill prior to the expenditure of more than \$100 million for any 2000 decennial planning operations. As discussed below, if the bill presented to the President were to contain the funding level provided in the Committee bill for the Legal Services Corporation or the aforementioned restrictions on Census activities, his senior advisers would recommend that the President veto the bill.

Department of Commerce

Census Sampling. The Administration strongly opposes the Committee's language that would prohibit any funds from being used for activities related to the design, planning, testing, or implementation of sampling in the 2000 Census, and would further require the passage of an authorization bill prior to the expenditure of more than \$100 million for any 2000 decennial planning operations. This represents an unprecedented and unacceptable attempt to micromanage the decennial census. Such restrictions would

seriously undermine decennial census planning operations, especially with regard to address list development, procurement, and the 1998 Decennial Dress Rehearsal. The President's senior advisers have indicated that they would recommend that the President veto the bill if it were to contain this provision. While the Administration will continue to consult with Congress on this important issue, we also remain committed to the use of sampling to ensure the most accurate decennial census possible. Without the limited use of sampling, the accuracy of the census would decrease significantly, especially with regard to children and minority groups that have been traditionally undercounted. The National Academy of Sciences, the General Accounting Office, the Commerce Department Inspector General, and the vast majority of the professional statistical community support the use of sampling in the decennial census.

National Oceanic and Atmospheric Administration. We are disappointed that the Committee bill would provide only \$8 million of the \$22 million requested for the President's Clean Water Initiative, which helps protect coastal communities from pollutants. The National Oceanic and Atmospheric Administration (NOAA) is the primary trustee of our Nation's coastal resources and, as such, plays an important role in this initiative. The \$22 million initiative builds from NOAA's unique coastal responsibilities and partnerships with States and other Federal Trustee agencies. In addition, we are disappointed that the Committee has not included any funding for the Global Learning and Observations to Benefit the Environment Program (GLOBE). This program was developed to increase understanding of the Earth and has already formed partnerships with over 2,500 U.S. schools and 35 other countries, involving thousands of students across the U.S. and worldwide. The Committee is recommending over \$30 million in funding for NOAA activities not requested by the Administration. We strongly urge that a portion of these funds should be redirected to continue the Clean Water Initiative, GLOBE, and other priorities such as fisheries conservation and management.

National Institute of Standards and Technology (NIST). The Administration greatly appreciates the overall funding level for NIST and the Committee's support of the Bipartisan Budget Agreement. However, we strongly urge the House to drop language restricting new Advanced Technology Program awards and to adopt language allowing continued Federal funding for Manufacturing Extension Centers beyond six years, as was passed by the House in H.R. 1274.

National Information Infrastructure (NII). The Administration urges the House to reallocate resources between the NII grants program and the Public Broadcasting Facilities program. The Committee mark substantially reduces funding for the former and provides a large, unrequested increase for the latter. The NII program is meritorious, providing seed money for innovative projects that deploy, use, and evaluate advanced telecommunications and information technology.

Legal Services Corporation

The Administration finds the Committee bill's funding level for the Legal Services Corporation (LSC) unacceptable. The bill would fund the LSC at \$141 million, \$142 million below the FY 1997 enacted level and \$199 million below the President's request of \$340 million. The amount that the Committee bill would provide, 65 percent below the

FY 1995 level of \$400 million, would cripple the program and call into question the Federal Government's commitment to ensuring that all Americans, regardless of income, have access to the judicial system. The Administration strongly urges the House to fully fund the President's request. The President's senior advisers would recommend that he veto the bill if it contained the funding level in the Committee bill.

Department of Justice

Drug Courts and Drug Testing. The Administration is disappointed by the failure of the Committee to provide any of the \$45 million requested increase for drug courts. The drug courts program is a proven, cost-effective means of using the coercive power of the courts to move non-violent offenders into drug treatment programs. Also, the President's budget would provide \$30 million to offset the costs associated with drug testing State and local arrestees. The Administration is concerned that the Committee does not identify \$30 million from the Byrne Grant program for the State and local portion of the drug testing program, as proposed by the President. The drug courts and drug testing programs could be restored to the requested levels by reducing the Committee's funding for the Local Law Enforcement Block Grant program. Finally, last year the Congress enacted legislation that requires States to implement drug testing and intervention programs as a condition for receiving Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) grants. The Administration now urges the Committee to provide funding for the prisoner and parolee drug testing and intervention mandate by allowing States to offset the cost with VOI/TIS funding.

Juvenile Justice Block Grant. The Administration appreciates the Committee's desire to provide additional support for juvenile justice programs. However, the Administration is concerned that the \$300 million block grant program may authorize a broad and unfocused range of spending and urges the House to target \$100 million for the prosecutorial grant program, which is designed to facilitate the cooperation and coordination of prosecutors and police with school officials, probation officers, youth social service professionals, and community members in an effort to reduce the incidence of gang activity and violent juvenile crime. The Administration also urges the House to target \$50 million for the violent youth court program, which is designed to develop initiatives for use by the courts and court-related entities, such as probation and parole offices and victim/witness centers, to enhance and expedite the handling of youth violence cases.

The Judiciary: Ninth Circuit

The Administration understands that one or more amendments to divide the Ninth Circuit may be proposed. The Administration strongly objects to using the appropriations process to legislate on this important matter. The division of the Ninth Circuit is an important issue not just for the bench and the bar of the affected region, but also for the citizens of the Ninth Circuit. The Administration believes that a much better approach would be passage of legislation, H.R. 908 -- already passed by the House and currently pending at the desk in the Senate -- that would create a bipartisan commission to study this difficult and complex question and make recommendations to the Congress within a date certain.

This would allow for substantive resolution of the issue in a deliberative manner, allowing all affected parties to voice their views.

Department of State

The Administration appreciates the Committee's support for the State Department's accounts that fund diplomatic and consular activities, which would help reverse the erosion of the Department's worldwide operations. We are also pleased that the Committee provided the transfers as requested to support the International Cooperative Administrative Support Services (ICASS) program.

While the Administration welcomes the first-year funding of \$100 million for arrears payments, we are deeply concerned about reductions in the funding levels for the FY 1998 annual assessments provided in Contributions to International Organizations and Contributions for International Peacekeeping Activities (CIPA). United States leadership in these organizations on a host of issues of importance to the American people will be compromised if we fail to meet our binding obligations to them. It is important that funding for these activities be protected so that the Administration can pay annual costs, avoid new arrears, and be given some flexibility to address unforeseen needs relating to peace and security around the world. While we appreciate report language that underscores the importance of funding for arrears as part of long-term reform efforts, we are disappointed that the bill does not provide a commitment for three years of arrears funding as anticipated by the Bipartisan Budget Agreement, allowed by the Budget Resolution and as consistent with the pending authorization bill. The Administration is committed to working with the Congress to resolve these important issues relating to the future of international organizations.

The Administration urges the House to strike two provisions that raise Constitutional concerns: section 609, which concerns diplomatic relations with Vietnam, and section 610, which relates to command and control of United Nations peacekeeping efforts. In addition to Constitutional concerns, we believe that the issues raised by these provisions are being addressed in the pending authorization bill in more workable and appropriate ways.

Ounce of Prevention Council

The Administration opposes the Committee's termination of the Ounce of Prevention Council. Elimination of this program would hinder the Federal Government's ability to help neighborhoods implement balanced strategies to reduce crime through enforcement, prevention, and intervention. The Council awards discretionary grants for promising community collaborative crime prevention programs, publishes a catalog of crime prevention grants and programs, and provides information and technical assistance. It plays a critical role in helping communities gain access to information on crime prevention best practices. The Administration strongly urges the House to provide funding for the Council and has identified an appropriate offset for that purpose.

Arms Control and Disarmament Agency

The Administration opposes the Committee mark of \$41.5 million for the Arms Control and Disarmament Agency (ACDA), which would undercut the Administration's efforts to reduce the threat of nuclear and other weapons to the security of the American people.

Comprehensive Nuclear Test Ban Treaty

In addition to the \$2.8 million requested in the FY 1998 Budget, a \$13 million budget amendment for Comprehensive Nuclear Test Ban Treaty requirements was transmitted on July 17th. The Administration urges the House to provide the full revised request for these important national security activities.

Equal Employment Opportunity Commission

The Administration strongly urges the House to fully fund the President's request of \$246 million for the Equal Employment Opportunity Commission (EEOC) given the importance of its work in addressing unlawful discrimination.

Office of the United States Trade Representative

The Administration appreciates the Committee's increase in funding for, and its past support of, the Office of the United States Trade Representative (USTR). USTR has had to manage a seven-fold increase in the number of World Trade Organization dispute settlement cases since the signing of the Uruguay Round Agreement. Despite its substantially increased workload, USTR has virtually the same number of attorneys working in this area as it did in 1990. USTR's work will be even more important in FY 1998 and in future years as the United States seeks to capitalize on new market-opening opportunities and to improve access to existing markets through enforcement actions. USTR requires full funding in order to accomplish the Administration's trade policy objectives and to vigorously enforce our rights under trade agreements. In fact, the Administration is currently reviewing whether the FY 1998 budget levels need to be increased in order to accomplish this agenda.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment

(House Rules)

ADDITIONAL CONCERNS

H.R. 2267 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998 (AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the Congress to address the following additional concerns:

Department of Commerce

Geostationary Satellites. The Administration is deeply concerned about the Committee's \$22 million reduction to the Geostationary Satellites (GOES) program. GOES provide critical data for warnings and forecasts of severe weather events. In order to maintain satellite continuity, particularly given recent technical malfunctions on existing spacecraft, it is imperative that NOAA have sufficient funding to award the contract for the follow-on series of GOES satellites.

Economic and Statistical Analysis. The Committee mark for Economic and Statistical Analysis (ESA) is insufficient to make necessary improvements to important economic indicators. For the past four years, ESA has been denied funding for improvements to GDP and related regional, national, and international accounts data. In the past, ESA has dealt with funding constraints by eliminating important but non-core activities such as the Pollution Abatement Survey and Regional Economic Projections. ESA cannot sustain the quality of the Nation's basic economic indicators under continued funding constraints.

Bureau of Export Administration. The Senate has recently passed the Chemical Weapons Convention implementing language, and the House is expected to do so shortly. Therefore, the Administration urges the House to provide the full requested level, \$2.3 million, to the Bureau of Export Administration (BXA) for this activity. In addition, we urge the House to include seizure and forfeiture authority language for the BXA. This language would allow the BXA to become part of the Department of Justice's Assets Forfeiture Fund and is proposed in the Commerce Department's General Provisions in the FY 1998 Budget.

National Oceanic and Atmospheric Administration. We are concerned about language in the Committee bill detailing the National Oceanic and Atmospheric Administration's (NOAA's) appropriation at the line office level. Many of NOAA's programs involve multiple line offices, and this language would inhibit current synergies among line offices. The Administration requests elimination of this bill language. Also, the Committee Report earmarks NOAA funding on a project-by-project basis. We respectfully request the deletion of these excessive earmarks.

Department of Justice

Reimbursement of Legal Fees. The Administration is concerned about the amendment adopted by the Committee that would require the reimbursement of legal fees incurred in connection with criminal prosecutions of certain employees of the Legislative Branch, including Members of Congress. If such assistance is provided for one branch of government, it should be available to all branches.

Executive Support. The Administration opposes the Committee's action to freeze legislative and public affairs activities at FY 1995 levels for the Department. Freezing these activities would inhibit the Department's ability to clear legislation in a timely and responsive manner and constrain its capacity to serve Congress. The Administration urges the House to increase funding for the Executive Support offices and to delete restrictions on the use of detailees.

Telecommunications Carrier Compliance. The Committee bill would provide only \$50 million for the Telecommunications Carrier Compliance program. The Administration has requested \$100 million to reimburse telecommunications equipment manufacturers and carriers for the cost of modifying equipment to ensure that law enforcement agencies will be able to conduct court-authorized wiretaps. The Administration strongly requests that full funding for this program be provided.

Department of Transportation

Maritime Administration (MARAD). The \$65 million that the Committee bill would provide for MARAD Operations and Training would be insufficient to continue MARAD's current operations into FY 1998. The House is urged to provide no less than the \$69 million contained in the Senate bill. In addition, the \$3.45 million that would be provided for Title XI administrative expenses might result in a reduction in personnel that would jeopardize the effective oversight and management of Title XI projects. The House is urged to restore funding for this activity.

Federal Communications Commission

Relocation. The Committee bill would provide no funds in support of the Federal Communications Commission's (FCC's) scheduled move to the Portals complex. Failure to provide these funds would delay the move, which could result in the Government unnecessarily paying for rent on an unoccupied building. The Administration urges the House to provide the \$30 million required for the FCC move in FY 1998.

November 4, 1997
(House Rules)

H.R. 2358 - Political Freedom in China Act of 1997
(Ros-Lehtinen (R) FL and 14 cosponsors)

Although the Administration strongly supports a robust human rights monitoring program, it opposes H.R. 2358, which authorizes appropriations to support increased staffing at the U.S. embassy in Beijing and the China consulates for the purpose of monitoring political repression in China. The Department of State actively monitors and reports on the human rights situation in China, including in the Department's annual human rights report. The Administration is seriously committed to the advancement of human rights in China and strives to ensure maximum coverage of China's human rights situation. H.R. 2358, however, would unnecessarily micromanage Department activities and impair the Administration's ability to manage resources effectively.

September 17, 1997
(House Floor)

H.R. 2378 -- TREASURY, POSTAL SERVICE, AND
GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Kolbe (R), Arizona)

This Statement of Administration Policy provides the Administration's view on H.R. 2378, the Treasury, Postal Service, and General Government Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. However, as discussed below, the Administration will seek restoration of certain of the Committee's reductions to the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Federal Election Commission

The Administration appreciates the Committee's action to provide the President's request of \$34 million for the Federal Election Commission (FEC). However, funds have not been provided to support enforcement actions and audits of the 1996 campaign as requested in the President's April 7th budget amendment. Instead, the Committee has provided funding for accelerating various modernization initiatives. While modernization improvements are welcome, and are part of the FEC's long-term agenda, the immediate need is for staff and resources to address the backlogged workload.

The Administration strongly objects to the limitations included in appropriations language that would condition the availability of \$4.2 million of the funding on filling all current Commission vacancies and on enactment of legislation prohibiting the reappointment of Commissioners. Both of these restrictions would place unwarranted and intrusive limitations on the Commission's ability to meet its current workload demands and are unrelated to the Commission's current performance. These provisions would amend underlying law without the benefit of hearings or debate. Therefore, we urge the House to drop these restrictions and amendments to underlying Federal Election Campaign law.

Importation of Lethal Firearms

The Administration strongly opposes section 518 of the Committee bill. The practical result of this section would be to deny the Federal Government an effective mechanism to

control the importation of hundreds of thousands of inexpensive firearms such as M-1 carbines and M1911 45 caliber semi-automatic pistols. These are weapons provided to foreign governments by military assistance programs, and were not intended to become low cost firearms available for civilian use. Low-cost firearms that are concealable, and/or capable of accepting large capacity magazines, and/or capable of being easily converted to fully automatic fire frequently wind up in the hands of criminals. Such weapons are particularly attractive to criminals. In short, the net effect of the proposal would be to thwart the Administration's efforts to deny criminals the availability of inexpensive, but highly-lethal, imported firearms.

Federal Employees Health Benefits Program

The Administration strongly opposes the provision contained in the Committee bill that would restrict Federal Employees Health Benefits Program (FEHBP) coverage for abortions except in situations where the life of the mother is endangered or the pregnancy is the result of rape or incest. While the President believes that abortion should be safe, legal, and rare, the Administration does not believe that Federal employees and their families should be precluded from choosing to purchase health insurance that includes broader coverage. The Administration believes that the decision to cover abortion should be left to each health plan participating in the FEHBP. Thus, Federal employees who wish to purchase health coverage that does not include abortion services would have that choice. The provision in the Committee bill does not allow Federal employees and their families to make that choice.

Internal Revenue Service

The recently enacted Balanced Budget Act of 1997 provides authority for an Earned Income Tax Credit (EITC) compliance initiative. The Administration urges the House to appropriate \$107.1 million for this initiative, as requested in a budget amendment submitted on September 17, 1997. A provision allowing for an adjustment to the discretionary spending caps was included in the Balanced Budget Act of 1997 to accommodate funding for this proposal.

The Administration requests restoration of the Committee's \$73 million reduction to the requests for the Internal Revenue Service's (IRS's) Processing, Assistance, and Management and Tax Law Enforcement accounts. The Committee bill would not provide the funding necessary for the inflationary increases requested in the President's budget. At this reduced level, we project that IRS would have to reduce FTE funded through these two accounts by approximately 1,500. This would lead to reduced taxpayer service assistance and an IRS-projected, five-year revenue loss of \$1.1 billion.

The Administration urges the House to fund the IRS Year 2000 needs without jeopardizing other critical information technology projects. The absence of funding for these projects would undermine the IRS's ability to improve customer service and compliance.

"Winstar" Funding

The Administration is very concerned that the bill does not include the President's request to authorize the Secretary of Treasury to transfer \$33.7 million from the Federal Deposit Insurance Corporation's FSLIC Resolution Fund to the Department of Justice for expenses related to the ongoing Winstar litigation. This funding is vital to the Government's defense in this litigation, which involves over 120 cases and potential claims against the Government of about \$20 billion. Without sufficient litigation support, the taxpayers are likely to be held liable for much larger damages. We look forward to working with the Committee to resolve this issue as the bill moves through the process.

Bureau of Alcohol, Tobacco and Firearms

The Administration requests restoration of \$19 million to avoid compromising the Bureau of Alcohol, Tobacco and Firearms' (ATF's) ability to combat the Nation's most violent criminals. The reductions made by the Committee would force ATF to make FTE reductions at the same time that it is responding to recent congressional and Administration initiatives such as the Brady Law, church fires, Youth Crime Gun Interdiction, arson and bombing investigations, criminal firearms trafficking, and other anti-violent crime initiatives. The reductions would also force ATF to curtail its drug-related law enforcement activities, which could result in increased numbers of incidents committed by those involved in drug distribution.

Secret Service

The Administration strongly objects to the Committees's \$15.5 million reduction to the request for White House security funding (in the Secret Service Salaries and Expenses account and the Violent Crime Reduction Trust Fund). This funding is needed to implement fully all of the security requirements identified in the White House Security Review. We also request restoration of the \$12 million reduction to the President's request for funds to ensure the ability of the U.S. Secret Service to continue providing adequate Presidential and dignitary protection, as well as maintain financial crime enforcement efforts.

Cooperative Purchasing

The Administration opposes the repeal of section 1555 of the Federal Acquisition Streamlining Act (FASA) of 1994 and would support an amendment to strike the repeal. This section would allow State and local governments, and Indian tribes to buy products off the General Services Administration's Federal supply schedule contracts, often at advantageous prices. If the repeal is not stricken, the Administration is willing to work with the Congress on a compromise provision that would permit such purchases for a number of specified product categories in demand by State and local governments and whose affected producers have not objected. We would further urge that this authority include a limited pilot program for pharmaceuticals used to treat life-threatening conditions, beginning with drugs used to treat HIV. We also urge the retention of GSA's

authority to make any of the services it provides to Federal agencies available to a qualified nonprofit agency for the blind or other severely handicapped that is to provide a commodity or service to the Federal Government under the Javits-Wagner-O'Day Act. GSA's total collection of administrative fees will not increase by more than the incremental increase in the cost of administering the program.

Office of National Drug Control Policy

The Administration appreciates the Committee's support for the Office of National Drug Control Policy's (ONDCP's) national media campaign to prevent drug abuse among America's youth. However, we are concerned that the funding level provided is not adequate to accomplish our goals. Prohibiting the obligation during FY 1998 of \$46 million of the \$195 million appropriated to the media campaign would limit available funding for the campaign to \$149 million. The Administration's request for \$175 million is based upon recommendations from experts in the field and is the amount necessary to fund four media exposures per week to the 9-17 age group. Funding the campaign at significantly lower levels than requested would limit the number of media exposures or restrict the scope of the campaign, thus hindering its success.

In addition, the Administration is particularly concerned about the legislative veto provisions in the bill that seek to condition the obligation of funds provided for the national media campaign upon the approval of a strategy by the Appropriations Committees. Such consultation with Congress can be achieved without this specific language.

Finally, the Committee bill would create two new High Intensity Drug Trafficking Areas. The designation of High Intensity Drug Trafficking Areas in the appropriations bill would undermine ONDCP's statutory authority to designate such areas based on its review of the larger picture of drug use, availability, and trafficking in specified areas of the country, in consultation with other Federal and State officials. The Administration is also opposed to the language that would require funding for existing High Intensity Drug Trafficking Areas at no less than the FY 1997 level, as funding decisions are based, in part, on annual performance evaluations.

Whistleblower Protection.

The Administration objects to section 505 of the bill, which would prohibit the use of funds provided in the Act to pay the salary of any official who interferes with communications by other Federal employees with Congress. While the Administration strongly supports the Whistleblowers Protection Act and the protections it affords Federal employees, this section raises substantial separation of powers concerns in depriving the President and his department and agency heads of their ability to supervise the operations and communications of the Executive Branch, including the dissemination of information affecting Executive Branch confidentiality interests. The House is urged to strike this provision.

Unanticipated Needs

The Committee bill fails to provide the requested \$1 million to enable the President to meet unanticipated needs in furtherance of the national interest, security, or defense. The Administration urges the House to include this amount to ensure that the President has the same ability to meet such needs as previous Presidents have had.

Infringement on Executive Authority

There are several provisions in the Committee bill that purport to require congressional approval before Executive Branch execution of aspects of the bill. These include provisions that purport to require congressional approval for certain transfers between appropriations within the Internal Revenue Service, the Federal Law Enforcement Training Center, the Financial Crimes Enforcement Network, the Bureau of Alcohol, Tobacco and Firearms, the U.S. Customs Service, the U.S. Secret Service. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS vs. Chadha*.

Additional Administration concerns with the Committee bill are contained in the Attachment. We look forward to working with the House to address our mutual concerns.

Attachment

November 4, 1997
(House Rules)

H.R. 2386 - U.S.-Taiwan Anti-Ballistic Missile Act
(Hunter (R) CA and 13 cosponsors)

The Administration opposes H.R. 2386, which would require a study on the architecture requirements of establishing a missile-defense system in the Asia-Pacific region for the protection of Taiwan. This study is unnecessary and unhelpful.

Taiwan's air defense needs are being met; Taiwan has purchased Modified Air Defense systems comparable to recent versions of the Patriot Advanced Capability system. U.S. dialogue with Taiwan on this subject is well-established. A regional missile-defense arrangement is not the best means of providing Taiwan a sufficient self-defense capability.

September 29, 1997
(House)

H.R. 2472 - Energy Policy and Conservation Act Extension
(Schaefer (R) CO)

The Administration supports the one-year extension of the Strategic Petroleum Reserve and the International Energy Agency (IEA) programs contained in H.R. 2472. The Administration, however, is concerned that H.R. 2472 is deficient in two important respects.

First, the bill does not provide the necessary expansion of certain critical anti-trust protections for U.S. oil companies. Without these protections, U.S. oil companies would be unable to assist the IEA in planning and carrying out a coordinated drawdown of government petroleum stock. As a result, key crisis planning activities will have to be curtailed and the IEA energy emergency response capability would be impaired, thus jeopardizing U.S. energy security.

Second, the bill fails to reauthorize other programs included in the Energy Policy and Conservation Act (EPCA). These programs provide energy conservation assistance for States, schools, and hospitals, and help to commercialize alternative fuels trucks. These programs help improve energy efficiency and their absence would impair U.S. energy security.

Because of these deficiencies, the Administration strongly urges the House to defer action on H.R. 2472 and to instead, enact S. 417, as passed by the Senate. S. 417 contains the needed anti-trust exemptions and reauthorizes the full range of EPCA programs. If the House enacts H.R. 2472, the Administration will work in conference to ensure that the bill presented to the President contains the necessary authorities to guarantee the Nation's energy security.

October 29, 1997
(House)

H.R. 2493 - Forage Improvement Act of 1997
(Smith (R) OR and 34 others)

The Administration strongly opposes H.R. 2493 and, if it were presented to the President, the Secretary of the Interior and the Secretary of Agriculture would recommend that he veto the bill.

H.R. 2493 would increase significantly the administrative burden on the Bureau of Land Management (BLM) and the Forest Service (FS) while diminishing their stewardship of public lands. It could also create a new grazing property "right" on Federal lands and increase litigation. Further, it would undermine the improvements in communication and consensus-building that have been accomplished by the existing Resource Advisory Councils (RACs).

Among its more objectionable provisions H.R. 2493 would:

Create a potential for increased litigation and undermine multiple land uses. The bill's poorly defined monitoring standards could result in considerable litigation. In addition, the bill may give rise to litigation by permittees seeking to establish a grazing property right on Federal lands. Permittees could attempt, in effect, to create a dominant use and threaten all other users of the land and limit the Federal government's ability to protect natural resources. Land management agencies could face "takings" claims whenever they propose livestock reductions or modifications in grazing management. Further, the requirement that Federal land managers notify permittees of monitoring activities 48 hours in advance could severely hamper the government's efforts to protect public lands.

Undermine the success of the existing RACS. The bill would eliminate the current consensus approach to decision making that has worked well in fostering cooperative working relationships between RAC members. It also appears to limit the role of the new RACs to grazing issues, thus further undermining their usefulness.

Establish costly, rigid, burdensome, and counterproductive monitoring requirements that would undercut the ability of Federal land managers to protect the land. These requirements would limit Federal discretion to respond to changes in range management research and technological advances and would ultimately invite increased litigation and judicially imposed solutions. In addition, the bill would prohibit the use of valid monitoring data from sources other than those listed and would require the costly development of new site specific monitoring protocols.

Increase the complexity of the grazing fee schedule with little or no return to the Federal Treasury and eliminate certain surcharges on grazing fees. The bill would establish an administratively cumbersome process for developing a new fee schedule that would not achieve an equitable return to the U.S. Treasury for grazing privileges. In addition, it would eliminate the BLM's ability to impose a surcharge on permittees who charge third-

parties to graze livestock on their allotments while simultaneously requiring the FS to allow such subleasing. These changes could result in a significant reduction in Federal receipts.

November 13, 1997
(Senate)

H.R. 2513 - Restoration and Modification of Provisions of the Taxpayer Relief Act of 1997
(Archer (R) Texas and seven cosponsors)

The Administration supports the carefully negotiated provisions of H.R. 2513, which would restore and modify two provisions of the Taxpayer Relief Act of 1997 that were canceled by the President pursuant to the Line Item Veto Act.

Tax provisions. One provision would establish a one-year rule that would allow deferral of U.S. tax on certain financial services income from active overseas operations in the insurance, banking, financing or similar business. The provision was canceled by the President because, as originally drafted, it would have permitted abuse and created loopholes. Modifications (along the lines proposed by the Treasury Department before the original legislation was passed) address these problems in the revised provision of H.R. 2513.

The other provision would allow a taxpayer to defer recognition of gain on the sale of stock of a qualified refiner or processor to an eligible farmer's cooperative. The provision was canceled by the President because, as originally drafted, it was poorly targeted and susceptible to abuse. The revised provision in H.R. 2513 contains a number of safeguards and limitations that would prevent abuse and help target the benefits to small- and medium-size farms and cooperatives.

Pay-As-You-Go Issues. The Balanced Budget Act of 1997 reduced the PAYGO balances to zero. Consequently, any bill that would increase mandatory spending or result in a net revenue loss could cause a sequester of mandatory programs as called for in the Budget Enforcement Act. In the case of H.R. 2513, the House-passed bill contains offsets that would direct the sale of excess stockpiles of platinum and palladium from the Department of Defense and end the reimbursement of certain health care costs for overseas employees of the State Department. While these provisions appear sufficient to offset the costs of the bill as estimated by the Joint Committee on Taxation, the Administration is concerned that the provisions may not be sufficient to offset the costs of the bill as estimated by the Department of the Treasury. Because pay-as-you-go scoring is based upon Administration estimates, this problem could result in a sequester of mandatory spending. In addition, a provision (which we understand may be offered as an amendment to the bill) would shift the PAYGO problem to a later year, and raises administrative concerns. The Administration supports H.R. 2513, but will work with the Congress to avoid both an unintended sequester and unnecessary administrative difficulties.

November 8, 1997
(House)

H.R. 2513 - Restoration and Modification of Provisions of the Taxpayer Relief Act of 1997
(Archer (R) Texas and seven cosponsors)

The Administration supports House passage of H.R. 2513, if the bill includes appropriate offsets. This bill would restore and modify two provisions of the Taxpayer Relief Act of 1997 that were canceled by the President pursuant to the Line Item Veto Act.

One of the provisions establishes a one-year rule that would allow deferral of U.S. tax on certain financial services income from active overseas operations in the insurance, banking, financing or similar business. The provision was canceled by the President because, as originally drafted, it would have permitted abuse and created loopholes. Modifications (along the lines proposed by the Treasury Department before the original legislation was passed) address these problems in the revised provision of H.R. 2513.

The other provision allows a taxpayer to defer recognition of gain on the sale of stock of a qualified refiner or processor to an eligible farmer's cooperative. The provision was canceled by the President because, as originally drafted, it was poorly targeted and susceptible to abuse. The revised provision in H.R. 2513 contains a number of safeguards and limitations that will prevent abuse and help target the benefits to small- and medium-size farmers' and cooperatives.

Pay-As-You-Go Scoring

The Balanced Budget Act of 1997 reduced the PAYGO balances to zero. Consequently, any bill that would increase mandatory spending or result in a net revenue loss would contribute to a sequester of mandatory programs as called for in the Budget Enforcement Act. In the case of H.R. 2513, the Administration understands that the bill now contains offsets that would direct the sale of excess stockpiles of platinum and palladium from the Department of Defense and end the reimbursement of certain health care costs for overseas employees of the State Department. The Administration is concerned that the described are unlikely to be sufficient to offset the costs contained in the bill. If the bill were enacted, any deficit effects could contribute to a sequester of mandatory spending. The Administration supports this bill, but will work with the Congress to ensure that such an unintended sequester does not occur.

October 21, 1997
(House)

H.R. 2535 - Emergency Student Loan Consolidation Act of 1997
(Rep. McKeon (R) CA and 22 cosponsors)

The Administration opposes the reported version of H.R. 2535, the "Emergency Student Loan Consolidation Act of 1997", and will work to amend the bill in the Senate in at least two respects. First, H.R. 2535 needs to be amended to ensure that all student loan borrowers who are seeking to consolidate their loans are treated equitably and provided consolidation benefits comparable to those available in the direct loan program (with the exception of income-contingent repayment). In addition, the bill needs to be amended so that services to student loan borrowers under both the direct loan and the Federal Family Education Loan (FFEL) programs are not impaired by reducing funds available for administrative expenses.

Allowing direct loan borrowers to consolidate their student loans into the Government guaranteed FFEL program only addresses one-third of those loan consolidation applications in the backlog. The other two-thirds are either not being served by, or are unsatisfied with, the FFEL program and are seeking another option. These amendments are necessary to ensure that the FFEL program is open to serving all of the borrowers who are served by direct lending, offering similar flexibility in repayment.

The Department of Education's private-sector contractor is now on track to eliminate the backlog of direct consolidation loan applications, resume accepting new applications by December 1st, and process them on a timely basis. Nevertheless, the Administration would support a bill that truly benefits student borrowers seeking to consolidate their loans.

The Administration will work in the Senate to amend the bill. At a minimum, the bill must be amended to:

Eliminate the \$25 million reduction in funds available under section 458 of the Higher Education Act of 1965, and substitute an acceptable offset to the cost of the bill. This funding reduction would jeopardize service to students and schools in both loan programs, and violate the funding levels set in the bipartisan budget agreement. These levels represent the bare minimum needed to support the effective delivery and oversight of almost \$50 billion in student financial assistance in FY 1998 to over eight million students and their parents.

Add a provision requiring a FFEL lender that wants to consolidate student loans during the time period covered by the bill to make consolidation available to all borrowers applying for it on the same basis as consolidation is available under the direct loan program. This would require, for example, that lenders provide consolidation loans to all borrowers that would be eligible for them under the current direct loan program, provide interest rates that are equivalent to direct consolidation loan interest rates, and provide opportunities for borrowers to switch among available repayment options.

The Administration is pleased that the reported version of H.R. 2535 includes the Administration's proposal to ensure that a student is able to enjoy the full benefit of the new HOPE Scholarship or Lifetime Learning tax credit without jeopardizing his or her future eligibility for student financial assistance. The inclusion of this proposal, however, does not overcome the bill's shortcomings as described above.

Pay-As-You-Go Scoring

H.R. 2535 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB estimates that H.R. 2535 would result in a net decrease in direct spending of \$6.6 million in FY 1998 and a total of \$19.6 million in FYs 1998-2002.

November 4, 1997
(House Rules)

H.R. 2570 - Forced Abortion Condemnation Act
(Fowler (R) Florida and 12 cosponsors)

The Administration agrees with the proponents of H.R. 2570 that the practice of forced abortion and involuntary sterilization is abhorrent. The Administration, however, strongly opposes H.R. 2570 on several other grounds.

The Administration opposes the bill because it would:

o

Contradict U.S. policy to expand dialogue with China in order to advance critical U.S. security, political, economic, and human rights interests.

o

Possibly prompt China to impose its own visa restrictions that could further limit the ability of U.S. officials to advocate views in China.

o

Raise serious constitutional concerns to the extent that it would inhibit the President's ability to conduct the foreign relations of the United States and to receive foreign government officials.

o

Fail to take account of U.S. international obligations to admit certain foreigners to the United Nations and other international organizations.

o

Require the State Department to divert scarce resources from core tasks to comply with the requirement to maintain lists of officials covered by the bill.

U.S. interests are best served by increasing the transparency of Chinese society and promoting expansion of China's participation in international fora governed by standards and rules agreed to by the international community of nations. U.S. engagement exposes Chinese officials first-hand to the benefits of an open and democratic system. There is no better way to demonstrate the advantages of a free and open society than to let them experience it for themselves.

November 4, 1997
(House Rules)

H.R. 2605 - Communist China Subsidy Reduction Act of 1997
(Solomon (R) NY)

The Administration opposes H.R. 2605, which would require U.S. Executive Directors at each international financial institution to oppose concessional loans to the People's Republic of China (PRC), or any Chinese citizen or entity. H.R. 2605 would unconstitutionally infringe on the President's authority to conduct foreign affairs. In addition, such requirements are rarely an effective policy tool and often hinder efforts to advance U.S. priorities within international financial institutions.

October 8, 1997
(House Rules)

H.R. 2607 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Taylor (R), North Carolina)

This Statement of Administration Policy provides the Administration's views on H.R. 2607, the District of Columbia Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration strongly opposes section 342 of the Committee bill, which would provide for the use of \$7 million in Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools, and would draw attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public. If this language were included in the bill presented to the President, the President's senior advisers would recommend that the President veto the bill.

While the Administration appreciates the support of the Committee in developing a bill that provides sufficient Federal funding to implement the National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act), we strongly oppose a number of the provisions of the Committee bill, as described below. Even if the provision concerning school vouchers were to be stricken, the Committee bill would remain unacceptable. Unless the Administration's concerns are satisfactorily resolved, the President's senior advisers would recommend that the President veto the bill.

Pennsylvania Avenue

The Administration strongly opposes section 159 of the bill, which would require that Pennsylvania Avenue in front of the White House be opened on January 1, 1998. On May 20, 1995, the Department of the Treasury implemented the security action to prohibit vehicular traffic on Pennsylvania Avenue between 15th and 17th Streets. A White House Security Review concluded that there was no alternative to prohibiting vehicular traffic on Pennsylvania Avenue that would ensure the protection of the President of the United States, the first family, and those working in or visiting the White House Complex from explosive devices carried in vehicles near the perimeter. The Committee's action would jeopardize the safety of those inside the White House Complex.

Public Assistance Payments

The Administration opposes section 149 of the bill, which would prohibit the District from increasing public assistance payments under the Temporary Assistance for Needy Families Program beyond the level provided under the District of Columbia Public Assistance Act of 1982. This restriction is inconsistent with the broad flexibility provided

under Federal welfare reform and could hinder the District's efforts to invest resources in areas necessary to move individuals off welfare and into work.

Davis-Bacon Act

The Administration strongly opposes section 363 of the Committee bill. As drafted, this provision would permit waiver of the application of the Davis-Bacon Act to construction and repair work for the District of Columbia schools. Waiving these protections would deny payment of locally prevailing wages to workers on Federally funded construction sites. The language must be revised to eliminate the waiver of the Davis-Bacon Act.

Abortion

The Administration strongly opposes the abortion language of the Committee bill, which would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations involving rape or incest. Further, the Department of Justice has advised that the language would be unconstitutional regarding funds provided to the District of Columbia Corrections Trustee, to the extent the language places an undue burden on a woman's right to obtain an abortion. The Administration continues to view the prohibition on the use of local funds as an unwarranted intrusion into the affairs of the District and would support an amendment, if offered, to strike this prohibition.

Micromanagement

The Administration opposes the provisions of the Committee bill, that would further restrict or otherwise condition management of the District Government and expenditure of funds, thereby undercutting the Financial Responsibility and Management Assistance Authority's (the Authority's) oversight role and responsibility for the District's annual budget.

Specifically, the Administration opposes provisions of the bill that would require the District to direct surplus FY 1998 revenues to a taxpayer relief fund and earmark \$200 million in local funds for deficit reduction. These provisions do not reflect the consensus agreement reached by the Authority, the Council, and the Executive Branch on the FY 1998 budget for the District. Moreover, Congress has given to the Authority the responsibility for guiding the District toward long-term financial health, and that role should not be undercut by unnecessary micromanagement.

The Administration also opposes a provision that would amend the District's tort laws and impose a cap on punitive damages at an arbitrary level. The Administration believes that these limits undermine the very purpose of punitive damages, which is to punish and deter misconduct. Furthermore, the Administration strongly opposes any differentiation between so-called "economic" and "non-economic" damages. "Non-economic" damages are just as real as economic damages, and limiting them imposes a hardship on the most vulnerable members of our society.

In addition, we oppose House language that would restrict the District's authority to improve its financial management systems. The District has been told by Congress, by the General Accounting Office, and by the Administration for some time that it needs to improve its financial management systems. The DC Chief Financial Officer and the Authority have taken steps to implement the necessary improvements. The Congress should not use this appropriations bill to block those efforts.

Treasury Borrowing Authority

The Committee bill includes language that would prohibit the District from borrowing to finance its accumulated general fund deficit. It is not uncommon for cities recovering from severe cash flow problems to finance accumulated deficits through long-term borrowing. The Revitalization Act allows the District to borrow up to \$300 million from Treasury for deficit financing if the District can show that it does not have private market access. The District needs the flexibility to use the Treasury window for long-term borrowing in case the private markets are not accessible.

D.C. Courts and Offender Services Funding

The Administration strongly opposes language in the Committee bill that provides for funding the District of Columbia Courts and Offender Services through the Office of Management and Budget. The Administration urges the Committee to consider passing funding through stand-alone accounts. The Administration's original proposal called for funding to be passed through the State Justice Institute.

Additionally, the Administration would recommend that the House include language that would make available funds collected by the District of Columbia Courts for necessary expenses, including the funding of pension costs.

The Administration is committed to working with the House to produce a bill that will assist the District in its continued efforts toward financial recovery.

November 8, 1997
(Senate)

H.R. 2610 - National Narcotics Leadership Act of 1997
(Hatch (R) Utah and Biden (D) Delaware)

The Administration strongly supports reauthorization for the Office of National Drug Control Policy (ONDCP) and has no objection to Senate passage of the bill as reported by the Senate Judiciary Committee. The bill reauthorizes ONDCP, and gives the Office additional needed authority to deal with the drug problem in America. The Senate version of H.R. 2610 incorporates the Performance Measurement System included in the Administration's bill to reauthorize ONDCP, which will establish ambitious yet achievable targets against which the progress of the National Drug Control Strategy will be measured. The bill also endorses long-term planning with a ten-year strategy and five-year budgets, enabling ONDCP to make the necessary commitment to address the complex problem of drug abuse. The Administration applauds the Senate for pursuing legislation that provides for ongoing evaluation of the Strategy without specifying numerical statutory targets.

The Administration, however, will seek amendments to:

Delete the provisions designating ONDCP as "the representative of the President in appearing before Congress on all issues relating to the National Drug Control Program," "the primary spokesperson of the President on drug issues," and "the chief drug policy control spokesman for the President." These designations raise constitutional concerns by interfering with the President's discretion to make such determinations.

Delete the provisions specifying the membership, chairmanship, and frequency of meetings of the proposed President's Council on Counter-Narcotics. These provisions inappropriately micromanage the deliberative process of the Executive branch. In addition, designating members of this proposed Council, whose positions are not established by statute (e.g., the White House Counsel), raises additional constitutional concerns.

Change the date for submission of the Performance Measurement System to the Congress from November 1, 1997, to early 1998 to permit the System to be developed in conjunction with the agency performance plans required by the Government Performance and Results Act of 1993.

Delete the provisions requiring ONDCP to provide to Congress all budgetary requests of drug control program agencies as part of its presentation of the President's annual drug strategy. These provisions interfere with Executive branch discretion to formulate and present a cohesive strategy by requiring the submission to Congress of draft proposals that were rejected in the policy and budgetary formulation process.

Revise the provision concerning the Parents Advisory Council on Youth Drugs to have the Council report to the Director of ONDCP instead of the President. In addition, the

authority of the Council to compel agencies to provide requested information should be revised to grant the head of an agency discretion to withhold information such as medical records, confidential personnel records, investigative files, and other materials that need to be protected. The Administration also recommends that the Director of ONDCP serve as the Executive Director of the Council to avoid the need to create a new and unnecessary bureaucracy. Finally, the legislation should clarify in which branch of government the Council resides so that the appropriate body of ethics law can be applied to the Council members.

Delete Section 3, "Drug Interdiction", which establishes measures of success that conflict with ONDCP's performance measurement system and the 1997 National Drug Control Strategy.

Reauthorize ONDCP for 12 years. Although the bill, as a whole, supports long-range planning with a ten-year strategy and five-year budgets, the four-year reauthorization period is inadequate to implement this long-term approach.

Delete section 4(b), which would require the President to submit a report to Congress describing consultations with Western Hemisphere leaders about ways to improve multi-lateral cooperation in anti-drug efforts. This requirement would interfere with the President's authority to conduct the foreign relations of the United States.

Delete the provision that would permit the Director of ONDCP to require the National Drug Intelligence Center and the El Paso Intelligence Center to undertake specific tasks or projects in support of the National Drug Control Strategy. This provision would inappropriately interfere with the authority and ability of the Attorney General to manage these components of the Department of Justice.

The Administration's review of the bill is continuing, and any additional concerns will be communicated as they are identified.

October 21, 1997
(House)

H.R. 2610 - National Narcotics Leadership Act of 1997
(Hastert (R) Illinois and eight cosponsors)

The Administration strongly supports reauthorization legislation for the Office of National Drug Control Policy (ONDCP), and has proposed legislation (H.R. 2407) for this purpose. Although H.R. 2610 contains several features of the Administration's proposal, the Administration opposes the bill as reported because it:

Establishes numerical statutory targets for reducing drug use by the year 2001 that are unrealistic and unattainable in such a short time period . The proposed goals do not take into consideration budget constraints, the two- to three-year lag between noticeable changes in attitudes toward drugs and noticeable changes in behavior, and the time needed to hire and train law enforcement, drug treatment, and drug prevention personnel. The Administration's bill, in contrast, would codify a process for establishing meaningful performance measures without enacting inflexible specific numerical targets into law. That bill, H.R. 2407, would require ONDCP to develop a Performance Measurement System that includes a comprehensive set of objectives, measures, and targets, and that works in conjunction with agency performance plans required by the Government Performance and Results Act of 1993. The specifics of this system will be submitted to the Congress by early 1998.

Reauthorizes ONDCP for only two years. The Administration's proposal included a 12-year authorization, which is critical to implementation of the 10-year strategy, supported by five-year budgets, announced in the 1997 National Drug Control Strategy. Reauthorization must be of sufficient duration to allow ONDCP to compile data and evaluate the effectiveness of the drug control programs through the Performance Measurement System it is developing. A two-year reauthorization is also inconsistent with the four-year goals established in H.R. 2610.

Raises Constitutional questions. The bill would authorize the Director of ONDCP to transfer funds among National Drug Control Program (NDCP) agencies with the advance approval of specified congressional committees. The committee approval mechanism is a violation of the Constitution's bicameral and presentment requirements under the Supreme Court's *INS v. Chadha* decision. Other provisions that raise Constitutional questions include: the requirement that NDCP agency budget requests be provided to the Congress prior to review by the Office of Management and Budget; the statutory designation of the Director of ONDCP as a member of the President's cabinet; and the designation of the Director of ONDCP as the "primary spokesperson of the President on drug issues."

The Administration will seek amendments to address the objections cited above and in the attachment.

November 7, 1997
(House)

H.R. 2614 - The Reading Excellence Act
(Rep. Goodling (R) PA and 6 others)

The Administration supports House passage of H.R. 2614 if the anticipated amendments are included in the bill. The bill is consistent with the objectives of the President's America Reads Challenge insofar as it: (1) provides tutoring assistance to children who need it; (2) promotes family literacy programs to help parents be their child's first teacher; and (3) improves teachers' ability to teach reading effectively.

The Administration does have concerns that need to be addressed in the Senate. First, while some progress has been made on the issue of tutorial assistance grants, the separate authority for these grants should be deleted or substantially modified. In their current form, these grants are inadequately connected to, and supportive of, in-school reading programs and the local reading grants that the bill would also authorize.

Second, the Administration objects to the bill's new mandate on colleges participating in the work-study program. The current approach of providing incentives to colleges to use voluntarily more of their work-study funds for reading tutors is working well, and a new Federal mandate is not needed.

Third, the Administration objects to the bill's failure to include schools funded or operated by the Bureau of Indian Affairs (BIA) in the local reading improvement subgrant provisions of the bill. The BIA educates a considerable number of preschoolers and elementary school children, many of whom live in the poorest counties in the Nation and are in need of reading instruction assistance.

Additionally, the bill's provisions relating to the peer-review panel to be created under the bill should be revised to place the convening authority in the hands of the Secretary of Education, who administers this new program, in order to ensure accountability in the award of Federal funds.

Finally, the Administration is concerned that many of the provisions in the bill remain overly prescriptive and may limit the flexibility of local educational agencies in designing their programs.

October 23, 1997
(House Rules)

H.R. 2616 - Charter Schools Amendments Act of 1997
(Reps. Riggs (R) CA and Roemer (D) IN)

The Administration supports House passage of H.R. 2616, but has concerns about provisions in the bill that would extend, from three years to five years, the period for which Federal assistance could be provided to individual charter schools.

October 30, 1997
(House)

H.R. 2616 - Charter Schools Amendments Act of 1997
(Reps. Riggs (R) CA and Roemer (D) IN)

The Administration supports House passage of H.R. 2616, but has concerns about provisions in the bill that would extend, from three years to five years, the period for which Federal assistance could be provided to individual charter schools.

The Administration understands that the rule for consideration of H.R. 2616 provides that the text of H.R. 2746, the Helping Empower Low-income Parents (HELP) Scholarships Amendments of 1997, be added to H.R. 2616 in the engrossment of the bill. Under H.R. 2746, States and local school districts could provide vouchers for basic instruction in private schools using funds that are otherwise available for the supplementary costs of education reform under Title VI of the Elementary and Secondary Education Act of 1965. If H.R. 2616 is amended to include this bill, the President's senior advisers would recommend that the bill be vetoed. Federal funding of private school vouchers is bad policy because it would divert needed attention and resources from the Nation's public schools, which serve approximately 90 percent of students in kindergarten through twelfth grade.

November 8, 1997
(Senate)

H.R. 2624 -- A Bill Disapproving the Cancellations Transmitted by the President on October 6, 1997 regarding the FY 1998 Military Construction Appropriations Act
(Sponsor: Whitfield (R), Kentucky and six others)

This Statement of Administration Policy provides the Administration's views on H.R. 2624, a bill Disapproving the Cancellations Transmitted by the President on October 6, 1997.

H.R. 2624 would disapprove the 38 projects that the President canceled from the FY 1998 Military Construction Appropriations Act. The Administration strongly opposes this disapproval bill. If the bill were presented to the President in its current form, the President would veto it.

The President carefully reviewed the 145 projects that Congress funded that were not included in the FY 1998 Budget. The President used his authority responsibly to cancel projects that were not requested in the budget, that would not substantially improve the quality of life of military service members and their families, and that would not begin construction in 1998 because the Defense Department reported that no architectural and engineering design work had been done. The President's action saves \$287 million in budget authority in 1998.

While we strongly oppose H.R. 2624, we are committed to working with Congress to restore funding for those projects that were canceled as a result of the data provided by the Department of Defense that was out of date.

November 3, 1997
(House)

H.R. 2644 - United States-Caribbean Trade Partnership Act
(Archer (R) TX and Crane (R) IL)

The Administration supports House passage of H.R. 2644, which would provide enhanced trade benefits for Caribbean Beneficiary Initiative (CBI) countries. Earlier this year the President met with Caribbean leaders and pledged his strong support for enhancing the CBI. The Administration, however, does have some substantive and technical concerns with H.R. 2644 and will work with Congress to address these concerns.

Pay-As-You-Go Scoring

H.R. 2644 would affect revenue; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration's scoring estimates for this bill are under development, but preliminary analysis suggests that the aggregate revenue losses may substantially exceed the revenue offset in the bill. The Balanced Budget Act of 1997 reduced the paygo balances to zero, and consequently, any bill that would increase mandatory spending or result in a net revenue loss would contribute to a sequester of mandatory programs as called for in the Budget Enforcement Act. In the case of H.R. 2644, the bill does not contain provisions to fully offset the net deficit increase. As a result, if this bill were enacted, any deficit effects could contribute to a sequester of mandatory spending. The Administration supports this bill, and will work with the Congress to ensure that such an unintended sequester does not occur.

October 21, 1997
(House Rules)

H.R. 2646 - Education Savings Act for Public and Private Schools
(Archer (R) Texas and Gingrich (R) Georgia)

If H.R. 2646 were presented to the President, the Secretaries of Education and the Treasury would recommend that he veto the bill because it is bad education policy and bad tax policy.

Every American child deserves a high-quality elementary and secondary education. Targeting limited Federal resources to build stronger public schools will help ensure that all our Nation's children receive the education they need to become productive citizens. H.R. 2646 would divert needed resources from these schools.

H.R. 2646 would disproportionately benefit the most affluent families and provide little benefit to lower- and middle-income families. Families in the highest income bracket that saved the maximum amount permitted by H.R. 2646 would receive more than twice the benefit of families in the lowest tax bracket that saved the same amount. Moreover, the bill would not create a significant incentive for families to increase their savings for educational purposes; it would instead reward families, particularly those with substantial incomes, for what they already do.

November 4, 1997
(House Rules)

H.R. 2647- Monitoring Commercial Activities of Chinese Military Companies
(Fowler (R) FL and 16 others)

The Administration opposes H.R. 2647 because it is unnecessary and counterproductive. In particular, the Administration opposes the requirement to disclose publicly the list of Chinese military companies operating directly or indirectly in the United States. The requirement for such disclosure could implicate classified information that needs to be protected in the interests of national security, i.e., intelligence sources and methods. The Administration is also seriously concerned about the precedent of authorizing the exercise of authorities under the International Emergency Economic Powers Act (IEEPA) without regard to the Act's strict standards of an international threat. H.R. 2647 establishes no clear standards for invoking the IEEPA authorities against Chinese military companies and bears no relation to the effect on the United States of the commercial activities of the designated Chinese companies. If the People's Liberation Army companies, or any other foreign companies, undertake specific illegal activities, there are U.S. laws authorizing a broad range of sanctions. In cases when U.S. law is violated, the Administration can, and will, act to enforce the law.

November 5, 1997
(House)

H.R. 2676 - Internal Revenue Service Restructuring and Reform Act of 1997
(Archer (R) Texas and 43 cosponsors)

The Administration supports House passage of H.R. 2676 as an important step in the process of Internal Revenue Service (IRS) reform that has been ongoing over the past two years. The bill reflects an emerging consensus on the need for additional taxpayer rights, for institutionalized oversight of the IRS, for greater continuity of leadership at the IRS, and for improved access to private sector input on customer service and technology. The Administration worked extensively with the bill's sponsor and other Members to resolve differences contained in earlier versions of IRS reform proposals, and is pleased that H.R. 2676 incorporates many of the Administration proposals regarding:

Executive branch accountability under the Constitution, including Presidential appointment and Senate confirmation of the IRS Commissioner, as well as preserving the authority of the Secretary of the Treasury to administer and enforce provisions of internal revenue laws;

retention of exclusive responsibility for any and all IRS law enforcement responsibilities with full-time government employees;

additional taxpayer rights protections; and

expansion of electronic filing.

The Administration's review of the bill is continuing. Based on its initial review, the Administration will continue to work with the Congress to make needed improvements to the bill in the following areas:

Personnel Flexibilities. The Administration believes the personnel flexibility provisions need substantial revision to strengthen the IRS' ability to attract and retain the highly skilled and motivated workforce needed to make necessary improvements in information technology, customer service, and overall management.

Burden of Proof. The Administration continues to be concerned about this provision and wants to ensure that taxpayers are not provided a disincentive to keep records to support positions on their tax returns. In addition, the Administration is concerned that the provision may have unintended consequences, including making audits more intrusive.

Conflicts of Interest. The Administration will work with the Congress to make the changes needed to ensure that the members of the Oversight Board are appropriately covered by conflict of interest laws.

Other Concerns. The Administration notes that constitutional concerns have been raised regarding the restriction on the President's appointment authority contained in section 101(a) and the restrictions on Executive authority in section 104. The Administration also

has concerns regarding the accountant-client privilege and wants to ensure that bona fide law enforcement needs are not undercut.

Pay-As-You-Go Scoring

H.R. 2676 is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration's pay-as-you-go estimates for this bill are under development, but very preliminary analysis suggests that the aggregate revenue losses and spending increases may substantially exceed the revenue offset in title V of the bill. The Balanced Budget Act of 1997 reduced the PAYGO balances to zero, and, consequently, any bill that would increase mandatory spending or result in a net revenue loss would contribute to a sequester of mandatory programs as called for in the Budget Enforcement Act. In the case of H.R. 2676, the bill may not contain provisions sufficient to offset the net deficit increases. As a result, if the bill were enacted, any deficit effects could contribute to a sequester of mandatory spending. The Administration supports this bill, but will work with the Congress to ensure that such an unintended sequester does not occur.

November 7, 1997
(House)

H.R. 2709 - Iran Missile Proliferation Sanctions Act of 1997
(Gilman (R) NY and 117 cosponsors)

The Administration strongly opposes H.R. 2709, the "Iran Missile Proliferation Sanctions Act of 1997." The Administration is committed to fighting terrorism and taking steps to halt the transfer of missile technology to rogue nations. U.S. leadership is critical to the required international effort to attack this problem. H.R. 2709 would not improve our ability to halt the transfer of missile technology to Iran. On the contrary, H.R. 2709 would weaken the U.S. ability to persuade the international community to halt such transfers to Iran. Because the bill's broad scope, retroactivity, and indiscriminate sanctions would undermine U.S. nonproliferation goals and objectives, the Secretary of State and the National Security Advisor would recommend that the President veto the bill, if it is presented to him in its current form.

Current law provides an adequate basis for the United States to impose sanctions on foreign entities that further Iranian ballistic missile capabilities. The standard of evidence, sanctions, and reporting requirements of H.R. 2709 are broad and vague and would be counterproductive to convincing foreign governments to control missile-related trade with Iran. For example, the standard of evidence is too low and could result in the imposition of an unknown number of erroneous sanctions on individuals or business entities. Imposition of erroneous sanctions could not only harm U.S. political and economic relationships with other nations, but could dissuade foreign governments or persons from cooperating with the United States to prevent the transfer of missile technology to Iran.

The Administration would strongly oppose any attempts to combine H.R. 2709 with S. 610, the "Chemical Weapons Convention Implementation Act of 1997". Until S. 610 is enacted into law, the United States will be unable to implement fully its obligations under the Chemical Weapons Convention and U.S. nonproliferation leadership will be questioned. S. 610 was adopted by voice vote in the Senate in late May following intensive negotiations between the Senate and the Administration. S. 610 has strong bipartisan support from members on both sides of the aisle. If S. 610 is attached to H.R. 2709, however, the Secretary of State and the National Security Advisor would have no choice other than to recommend that the President veto the combined bill.

October 30, 1997
(House)

H.R. 2746 - Helping Empower Low-income Parents (HELP)
Scholarships Amendments of 1997
(Rep. Riggs (R) CA and 11 others)

The Administration strongly opposes H.R. 2746. If the bill were presented to the President, his senior advisers would recommend that the bill be vetoed. Under H.R. 2746, States and local school districts could provide vouchers for basic instruction in private schools, using funds that are otherwise available for the supplementary costs of education reform under Title VI of the Elementary and Secondary Education Act of 1965. Federal funding of private school vouchers is bad policy because it would divert needed attention and resources from the Nation's public schools, which serve approximately 90 percent of students in kindergarten through twelfth grade.

March 13, 1997
(House)

H.J.Res. 58 - Disapproving the President's Certification that Mexico has Fully Cooperated with U.S. Anti-Drug Efforts
(Shaw (R) FL and 24 cosponsors)

The Administration strongly opposes H.J.Res. 58, as introduced and reported, as well as the Hastert amendment. These measures would be counterproductive to U.S. interests and would have negative consequences for U.S. counternarcotics operations in and with Mexico. The Administration particularly objects to the egregious language in the Hastert amendment that criticizes the Administration's drug policy and is counterproductive to our shared objective of stopping the flow of illegal drugs into the United States. On February 28, 1997, the President certified that Mexico, among other countries, has cooperated fully with the United States, or has taken adequate steps on its own in the fight against narcotics production, trafficking, and money laundering. The President's decision to certify Mexico's counterdrug efforts was based on an objective review of Mexico's significant accomplishments over the past year. President Zedillo has shown the determination to confront the drug trade head-on and to root out corruption. In 1996, Mexico passed new counternarcotics legislation and enacted regulations to combat organized crime, money laundering, and chemical diversion. The Mexican Government has increased the number of extraditions, improved detection and monitoring of traffickers transiting Mexico, and is improving its police force to make corruption less likely. Drug seizures, arrests, destruction of clandestine labs, and eradication of illegal drug crops increased in 1996 over 1995. The Administration is working closely with Mexico to ensure that this progress continues.

The United States and Mexico have over the past year made progress in developing institutional relationships that will result in further cooperative anti-drug efforts. A decision to reverse the President's certification -- even with a waiver or delay -- would send a strong signal of U.S. loss of confidence in the Mexican Government's efforts to continue its cooperation and could substantially and immediately impair this growing cooperation. As a result, the United States would be less able to counter the influence of Mexican drug trafficking organizations. Full certification is warranted, given Mexico's well-demonstrated commitment to the fight against drugs, including progress made in cooperation with the United States, and is critical to support continued development in the U.S.-Mexico relationship.

In addition, the Administration opposes section 3 of H.J.Res. 58, as reported, which would "deem" the resolution to have been enacted within 30 calendar days after February 28, 1997. This provision destroys the careful Executive-Legislative balance in the narcotics certification statute and, if enacted, would create an indefinite period of uncertainty and confusion.

April 15, 1997
(House)

H.J.Res. 62 - Constitutional Amendment Requiring
Two-Thirds Votes on Certain Tax Measures
(Barton (R) TX and 164 cosponsors)

The Administration strongly opposes a constitutional amendment requiring a two-thirds supermajority vote to raise revenues.

The Nation's 200 year-old constitutional system, with its strong emphasis on majority rule, should not be altered or amended for symbolic or political purposes. James Madison, in *The Federalist Papers* (No. 58) argued against requiring supermajorities for legislative business, stating "the fundamental principle of free government would be reversed. It would be no longer the majority that would rule: the power would be transferred to the minority."

The language of H.J.Res. 62, as reported, is ambiguous -- but is problematic no matter how it is interpreted. If the proposed amendment applies to all "chang[es in] the internal revenue laws," it would take a two-thirds majority to cut taxes as well as increase taxes. Alternatively, if the amendment is read to apply only to "increase[s]... by more than a de minimis amount," we would have the absurd result that special interest tax loopholes could be enacted by a simple majority, but a two-thirds super-majority would be required to close loopholes.

Another harmful effect of H.J.Res. 62 would be permitting a small minority of legislators in either House to block revenue-raising measures needed to prepare for potential military conflicts or to respond to other national emergencies.

Enforcement of the proposed amendment would also raise serious concerns. If the proposed amendment is read to authorize judicial enforcement, courts could be drawn into fundamental policy and political disputes better resolved by the elected branches of government (e.g., determining whether a tax increase is "de minimis" or in distinguishing between a fee and a tax). Alternatively, if judicial enforcement is unavailable, those who would seek to enforce the amendment would be left without a remedy, and the public's confidence in the Constitution would be diminished.

May 9, 1997
(Senate)

S. 4 - Family Friendly Workplace Act
(Ashcroft (R) MO and 41 others)

The Administration strongly opposes S. 4, as reported by the Senate Labor and Human Resources Committee, because it does not uphold three fundamental principles: (1) real choice for workers; (2) real protection against employer abuse; and (3) preservation of workers' rights. The President will veto S. 4 or any other compensatory time legislation that does not fulfill these principles.

S. 4 purports to give working families greater flexibility. In reality, it grants employers more rights and leaves working Americans and their families worse off:

S. 4 fails to offer workers real choice. In particular, S. 4 would allow an employer to unfairly pick and choose which employees are offered compensatory time. Moreover, it would allow the employer to decide when workers use their compensatory time-off by disapproving such time-off if the employer claims it would "unduly disrupt" its operations -- even if a worker needed the time off for family leave or medical emergencies. In addition, S. 4 would permit an employer to unilaterally "cash out" a worker's earned compensatory time over 80 hours. These provisions do not guarantee real choices to workers.

S. 4 fails to protect workers against potential abuse. At a time when overtime is reaching an all-time high in some industries, S. 4 offers inadequate protections against employer abuse, especially for vulnerable workers and part-time, seasonal, and temporary employees, including garment and construction workers. The bill also fails to prohibit employers from substituting compensatory time-off for paid vacation or sick leave benefits. It does not adequately safeguard workers when an employer goes bankrupt or out of business: workers could lose up to six weeks of pay due to S. 4's unreasonably high cap of 240 hours of bankable compensatory time. S. 4 also lacks meaningful remedies when workers exercise their private right of action against employers who penalize them for choosing overtime pay in lieu of compensatory time.

S. 4 fails to preserve workers' rights. It effectively eliminates the 40-hour workweek by allowing employers to establish an 80-hour biweekly work schedule or a flexible credit hour program that allows employers to pay straight time pay for overtime work. That is money out of the employee's pocket. It also ends the 60-year-old right to time and a half pay whenever an employee works more than 40 hours a week, not just when the employer orders it. In addition, workers who take compensatory time-off can be forced to work extra hours in the same week even on the weekend without being paid time and a half pay. This gives families less flexibility, not more. If compensatory time legislation is truly to provide more flexibility to working families, it must not be allowed to undermine the 40-hour workweek.

Finally, the Administration strongly believes that any legislation to authorize compensatory time under the Fair Labor Standards Act should be linked to expansion of the Family and Medical Leave Act (FMLA). Expanding the FMLA to give working families greater flexibility to foster the education of their children or provide elder care will go a long way toward achieving the stated goals of S. 4.

September 30, 1997
(Senate)

S. 25 [as modified] -The Bipartisan Campaign Reform Act of 1997
(McCain (R) Arizona and Feingold (D) Wisconsin)

The Administration strongly supports Senate passage of S. 25, as modified by Senators McCain and Feingold, for the reasons explained in the attached letter from the President dated September 23, 1997.

This bipartisan legislation includes many proposals that have been endorsed by the President since 1992. It will put an end to the "soft money" system, increase disclosure of independent expenditures, and enforce strict prohibitions on contributions from foreign nationals. S. 25 will open the political process and shift power from special interests to ordinary citizens.

S. 25 addresses many of the most pressing needs for reform. While the legislation does not include all the elements of reform the Administration believes are needed, such as voluntary spending limits, restrictions on Political Action Committee (PAC) contributions, and free and discounted broadcast time, the Administration considers S.25 to be an important first step and believes it represents the best opportunity to enact meaningful reform in this Congress.

The Administration strongly opposes any amendments which would undermine campaign finance reform by making this legislation unacceptable to many Members of Congress and to the Administration. For example, pending amendments which would impair the rights of American workers to advocate public policies through organized labor activities, are unacceptable.

April 7, 1997
(Senate)

S. 104 - Nuclear Waste Policy Act of 1997
(Murkowski (R-AK) and 27 cosponsors)

If S. 104 were presented to the President in its current form, the President would veto the bill. S. 104 would undermine the credibility of the Nation's nuclear waste disposal program by, in effect, designating a specified site for an interim storage facility before the viability of that site as a permanent geological repository has been assessed. The bill would also undermine the ongoing work on the permanent disposal site by siphoning away resources for an interim site.

The Administration is committed to resolving the complex and important issue of nuclear waste storage in a timely and sensible manner. The Federal government's long-standing commitment to permanent, geological disposal should remain the basic goal of high-level radioactive waste management policy. This Administration has instituted planning and management initiatives to accelerate progress on assessing Yucca Mountain, Nevada, as a permanent geologic disposal site, and urges the Congress to provide sufficient resources to allow the Administration to complete the Yucca Mountain viability assessment in 1998.

S. 104, however, would effectively establish Nevada as the site of an interim nuclear waste storage facility before the viability assessment of Yucca Mountain as a permanent geologic repository is completed. Moreover, even if Yucca Mountain is determined not to be viable for a permanent repository, the bill would provide no plausible opportunity to designate a viable alternative as an interim storage site. Any potential siting decision concerning such a facility ultimately should be based on objective, science-based criteria and informed by the likelihood of the success of the Yucca Mountain site.

In addition, the Administration strongly objects to the bill's weakening of existing environmental standards by preempting all Federal, State, and local laws inconsistent with the environmental requirements of this bill and the Atomic Energy Act. This preemption would effectively replace EPA's authority to set acceptable radiation release standards with a statutory standard and would create loopholes in the National Environmental Policy Act.

November 6, 1997
(Senate)

S. 360 - To Require the Adoption of a Management Plan for
Hells Canyon National Recreation Area
(Craig (R) ID and 2 others)

The Administration opposes S. 360 that would amend the Hells Canyon National Recreation Area Act to require the U.S. Forest Service to permit access by motorized river craft to the entire length of the Snake River within the Hells Canyon National Recreation Area (HCNRA). The bill would require that access be permitted throughout the year.

S. 360 would require the Forest Service to change the river management plan that is currently being adopted after many years of development. Regulations specifically addressing the standards for the use of motorized and nonmotorized craft in the HCNRA were issued in 1994. These standards were the subject of extensive public comment. The final rule strikes a careful balance between preserving the area's unique natural resource values and the continued use of motorized and nonmotorized river craft. The Forest Service's river management planning process should be permitted to complete its course.

Pay-As-You-Go Scoring

S. 360 would affect off-setting receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is that any scoring implications would be negligible.

November 5, 1997
(Senate)

S. 439 - To Provide Alaska with Jurisdiction over Small Hydroelectric Projects
(Murkowski (R) AK and three others)

The Administration opposes S. 439. The bill would erode the uniformity of the Federal Power Act's licensing process for hydroelectric projects in the United States by allowing individual States to exercise jurisdiction over licensing. This would result in a patchwork of regulatory programs and related environmental review and enforcement requirements, which would impair the Federal Government's ability to adequately protect federally-managed resources.

Although the reported bill is an improvement over the bill as introduced, it would provide a lesser level of protection than current law. It would fail to adequately protect areas of critical environmental concern, as well as Alaska Native lands.

September 23, 1997
(Senate)

S. 462 - Public Housing Reform and Responsibility Act of 1997
(Sen. Mack (R) FL and five cosponsors)

The Administration supports the purpose of S. 462, which would reform and consolidate the Nation's public housing and Section 8 programs. The Administration appreciates the Senate's effort to provide the Department of Housing and Urban Development with the authority to implement needed management reforms, as well as the ongoing efforts to improve the bill.

However, in its current form, the bill remains flawed. The Administration believes that S. 462 is fundamentally flawed because its income targeting requirements fail to ensure that Federal housing assistance will continue its historic mission of helping those with very substantial housing needs. This is particularly true for the tenant-based assistance program, where the income eligibility level is increased and substantial previous targeting protections are removed. These provisions could result, over time, in the loss of several hundred thousand apartments for families with extremely low incomes. The problem would be addressed only partially by the proposed Manager's amendment.

Therefore, in order to provide for satisfactory income targeting, S. 462 must be amended to:

Target at least 75 percent of tenant-based assistance that becomes available each year to families with incomes not exceeding 30 percent of median income and retain the current maximum income eligibility level for tenant-based assistance at 50 percent of median income. This would maintain the program's focus on serving the neediest families.

Improve the income targeting requirements for public housing so that: (1) at least 90 percent of a public housing authority's (PHA's) new admissions have incomes not exceeding 60 percent of median income; and (2) at least 40 percent of families in occupancy at each housing development have incomes not exceeding 30 percent of median income. This would reduce the units available to very low-income families only to the extent necessary to achieve income-mixing, and would ensure access by those families to all developments.

The Administration also opposes the provision of S. 462, as reported, authorizing PHAs to obtain medical information about applicants for housing assistance, which could increase the potential that important antidiscrimination protections of Federal fair housing laws could be violated and could discourage persons with drug problems from seeking treatment. The Administration looks forward to continuing to work with the Congress to address these concerns.

In addition, the Administration will work with the Senate on other amendments to S. 462 that would make it more consistent with the Administration's public housing reform bill that was transmitted to Congress on April 18, 1997.

Pay-As-You-Go Scoring. S. 462 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is under development. If S. 462 is enacted with direct spending increases in FY 1998 that are not offset during the remainder of this session of Congress, a pay-as-you-go sequester would be triggered at the end of the session.

April 17, 1997
(Senate)

S. 495 - Chemical and Biological Weapons Threat Reduction Act of 1997
(Kyl (R) AZ and 11 cosponsors)

The Administration strongly opposes S. 495 as a deficient and unworkable alternative to the Chemical Weapons Convention (CWC), which has been ratified by over 70 nations. This bill represents a unilateral approach to a global problem that requires an international solution. S. 495 would place the United States outside the CWC, would adversely affect U.S. national security and economic interests, and would undermine U.S. leadership in fighting transnational problems like proliferation and terrorism. By not ratifying the CWC, the United States will begin to incur trade restrictions starting April 29th. The U.S. chemical industry estimates that this could result in hundreds of millions of dollars in lost sales a year.

S. 495 contains neither the breadth nor depth of restrictions provided in the Convention for chemical weapons and for verification and it raises serious constitutional concerns. Under S. 495 only the United States would be required to eliminate its stockpile of chemical weapons. Moreover, S. 495 imposes only U.S. sanctions against countries that use chemical weapons and only U.S. penalties for terrorist activities committed in the United States or by U.S. citizens. In contrast, the Convention establishes a multilateral, global regime that will effectively fight the scourge of chemical weapons and terrorism.

April 29, 1997
(Senate)

S. 543 - Volunteer Protection Act of 1997
(Coverdell (R) Georgia and 10 cosponsors)

Although the Administration strongly supports national and community service and volunteerism, it opposes S. 543.

The President has a deep commitment to volunteer and service activities and supports efforts to encourage Americans to engage in these activities. The Administration will work with Congress on proposals that, while respecting state law, help provide reasonable liability protection to volunteers involved in the delivery of needed services.

S. 543 is not such a bill. Without any hearings demonstrating the inadequacy of state law in this area, S. 543 effects a sweeping preemption of state law in cases involving "non-profit organizations" and "volunteers." The over-broad definitions in the bill -- which might apply to hate groups, street gangs, or violent militia -- make this takeover of state law potentially troubling.

As with broader tort reform measures, the Administration is also troubled by the legislation's one-way preemption -- state laws would be preempted if they favor plaintiffs, but not if they favor defendants -- and by Section 5 of the Bill, which would totally abolish joint-and-several liability for noneconomic damages (e.g., pain and suffering). This provision would unfairly discriminate against the most vulnerable members of our society -- the elderly, the poor, children, and nonworking women -- whose injuries often involve mostly noneconomic losses. Noneconomic damages are as important to victims as economic damages and must not be relegated to second-class status.

September 16, 1997
(House)

S. 562 - Housing Programs Extension Act of 1997
(Sen. D'Amato (R) NY and Rep. Lazio (R) NY)

The Administration has no objection to the majority of the program extensions in S. 562 and the provisions of the bill designed to protect participants in the HUD's reverse mortgage program from unnecessary or excessive mortgage costs charged by unscrupulous companies.

The Administration, however, is concerned about the provisions of S. 562 that would extend a multifamily housing restructuring demonstration and renew section 8 contracts at levels above fair market rents. These temporary extensions are a costly approach to the multifamily housing problem.

Pay-as-You-Go Scoring

S. 562 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's scoring estimate of the bill is under development. If S. 562 is enacted with direct spending increases in FY 1998 that are not offset during the remainder of this session of Congress, a pay-as-you-go sequester would be triggered at the end of the session.

November 6, 1997
(Senate)

S. 660 - University of Alaska Land Conveyance
(Murkowski (R) AK)

The Administration strongly opposes S. 660 and, if it were presented to the President, the Secretaries of the Interior and Agriculture would recommend that the bill be vetoed. S. 660 would direct the Secretary of the Interior to convey, as a "grant", up to 250,000 acres of Federal land in the State of Alaska. The land is to be selected by, and conveyed to, the University of Alaska. Further, the bill would direct the Secretary to convey an additional 250,000 acres chosen by the University if the State were to match the Federal land grant with an equal amount of land. The University could choose virtually any Federal lands in Alaska. As a result, the University could gain title to some of the Nation's premier public lands, including land in National Petroleum Reserve and the Tongass National Forest.

The United States has fully discharged its responsibilities to the State of Alaska for lands entitlement. When statehood was granted, Congress provided Alaska with 102.5 million acres of land, more than four times the amount of Federal land provided to any other State. In giving the State a land entitlement of 102.5 million acres, Congress made clear that it was extinguishing and fully satisfying previous university land entitlements and that it was the State's responsibility to determine the appropriate land endowment for Alaska's university system. Subsequent decisions made by the State concerning the allocation of lands for the university system were freely made in Alaska, by Alaskans.

Depending on the tracts selected, the loss of Federal revenue caused by S. 660 could be significant. In addition, S. 660 could have a profound impact on sensitive Federal lands including the Steese National Conservation Area, the White Mountains National Recreation Area, and the premier U.S. temperate rain forest located in southeastern Alaska.

Pay-As-You-Go Scoring

S. 660 would affect off-setting receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's scoring estimate of this bill is under development.

November 6, 1997
(Senate)

S. 783 - Boundary Waters Canoe Area Wilderness Accessibility
and Fairness Act of 1997
(Grams (R) MN)

The Administration opposes S. 783, which would prevent the phasing out of motorized river craft on Seagull Lake, Minnesota, within the Boundary Waters Canoe Area Wilderness (BWCAW) and reopen three portages in the area to use by motorized vehicles. The BWCAW is a unique part of the National Wilderness Preservation System. It is the largest wilderness east of the Mississippi, consisting of over one million acres of lakes, streams, and forests and it is the most heavily used wilderness in the United States. This high level of use necessitates careful consideration of all decisions by land managers in order to balance public access needs with natural resource protection.

The phase-out of motorized river craft on Seagull Lake, scheduled for 1999, would help to preserve the natural resources of the BWCAW while maintaining reasonable motorized access to the area. The three portages that would be reopened by S. 783 were closed to motorized use by court order several years ago. Closure of the portages has not unreasonably restricted access to any of the lakes within the BWCAW as users have either continued to transport their boats over the portages by non-motorized means or found alternative routes. The quality of the wilderness setting has improved by the portages' closure.

The current management plan for the BWCAW strikes a careful balance between public access needs and natural resources protection. The Administration is committed to continuing to manage the BWCAW in a way that both protects its unique resources and provides for their use and enjoyment within the laws that govern the management of our Nation's natural resources.

Pay-As-You-Go Scoring

S. 783 would affect off-setting receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is that any scoring implications would be negligible.

September 24, 1997
(Senate)

S. 830 - FDA Modernization and Accountability Act of 1997
(Sen. Jeffords (R) VT)

The Administration applauds the Senate for its bipartisan effort to improve S. 830 since it was reported by the Senate Committee on Labor and Human Resources, and appreciates the Senate's responsiveness to concerns that have been raised. Because of the importance of obtaining a five-year extension of the Prescription Drug User Fee Act (PDUFA), the Administration has no objection to passage of the bill by the Senate at this time. However, the Administration finds that the provisions identified below are unacceptable and as the legislative process continues, will work to ensure that our remaining concerns are resolved.

In general, this legislation represents a significant step toward accomplishing our mutual goal of assuring the agency's optimum performance while protecting the health of the American public. The Administration, however, continues to have two major concerns with the bill.

First, section 404 of the bill would lower the review standard for marketing approval by precluding the Food and Drug Administration (FDA) from reviewing new medical devices for uses other than those for which the manufacturer says they are intended. Second, the PDUFA trigger as proposed in S. 830 undercuts the bipartisan budget agreement (BBA) by requiring budget increases for FDA not envisioned by the BBA, and would interfere with HHS' ability to allocate resources appropriately throughout the Department.

In order to be able to support the final bill, the Administration will continue to work with the House of Representatives and in conference to resolve these and other identified issues.

June 18, 1997
(Senate)

S. 858 - Intelligence Authorization Act for Fiscal Year 1998
(Senator Shelby (R) AL)

The Administration, after consultation with the Department of Justice, has determined that section 306 of S. 858 is unconstitutional. If the bill presented to the President retains section 306 in its present form, his senior advisers would recommend that he veto the bill. Section 306 would require the President to inform Federal employees and contractors that disclosure to Congress of specified categories of information, including classified information, "is not prohibited by law, executive order, or regulation or otherwise contrary to public policy." This provision is clearly contrary to the Supreme Court's explicit recognition of the President's constitutional authority to protect national security and other privileged information. Congress may not vest lower-ranking personnel in the Executive Branch with a "right" to furnish national security or other privileged information to a member of Congress without receiving official authorization to do so. By seeking to divest the President of his authority over the disclosure of such information, section 306 would unconstitutionally infringe upon the President's constitutional authority. We believe that existing congressional oversight mechanisms, as well as inspector general statutes, have proven effective in bringing instances of illegality, fraud, waste, and abuse to the attention of Executive branch managers and congressional committees.

In addition to the constitutional concerns, S. 858 raises serious budgetary concerns. The Administration does not agree with the elimination of core intelligence capabilities that are critical to satisfying high-priority national and military intelligence needs. The Administration will work with Congress to reach an accommodation that best serves our national interests and maintains the core capabilities included in our budget request. In addition, the Administration opposes the elimination and reduction of funding for certain highly sensitive programs in the Central Intelligence Agency (CIA). The Administration also believes that the funding arrangements proposed in the President's budget for the National Drug Intelligence Center and for family housing are appropriate.

The Administration believes that the Working Capital Fund proposed by the Central Intelligence Agency would promote efficient and effective allocation of administrative services. Although the Committee did not include the Working Capital Fund in S. 858, the Administration believes it can satisfy the congressional concerns about this program prior to the conference on this bill. The Administration looks forward to working with Congress to ensure enactment of this important authority.

The Administration strongly supports legislation proposed by the CIA to extend the jurisdiction of the CIA Security Protective Service and is disappointed that S. 858 does

not include that proposal. The Administration believes that provision is necessary to enable the CIA to better protect its personnel and facilities against the threat of terrorism. The Administration is ready to work with the Committee prior to conference to satisfy any concerns it has regarding this important authority.

Also problematic is section 307 which calls for the release of information related to the kidnapping or murder of United States citizens abroad. While perhaps not objectionable in concept, this provision raises questions concerning the responsibilities of agency heads to protect classified information originated by their agencies. In addition, we strongly suggest the addition of language to this provision to clarify that the provision is not intended to require disclosures that could compromise ongoing investigations and prosecutions.

June 16, 1997
(Senate)

S. 903 - Foreign Affairs Reform and Restructuring Act of 1997
(Helms (R) North Carolina)

While there are important positive features of S. 903 that the Administration supports, there are also major provisions that the Administration strongly opposes. Significant changes to these provisions will be needed in order to reach agreement on this legislation. The Administration is supportive of the overall approach on United Nations (UN) reform and arrears taken in Division C of this bill, welcomes the inclusion of most of the State Department authorities sought by the Administration, and wishes to work with the Congress to improve the generally positive authorized funding levels in this bill. However, the Administration strongly opposes provisions related to reorganization of the foreign affairs agencies, and certain foreign policy-related provisions are of serious concern.

Foreign Affairs Reorganization

The President, the Secretary of State and the heads of the relevant agencies are committed to the reorganization, consolidation and reinvention of the foreign affairs agencies as announced by the President on April 18, 1997. Internal deliberations are underway to develop a detailed reorganization plan, consistent with the President's decision, implementation of which will require action by the Congress. The Administration, therefore, would support legislation that provides the President with maximum flexibility and does not prejudge the outcome of these internal deliberations. The Administration, however, strongly opposes legislation which would mandate or micromanage the details of how to implement such a complex reorganization, including detailed provisions related to international broadcasting activities. Such directives would be incompatible with the flexibility needed by the President to reorganize the foreign affairs agencies to meet the challenges of the 21st century.

S. 903 should permit bipartisan movement towards the common goal of reorganizing and reinventing the State Department, ACDA, U.S. Information Agency (USIA), and the Agency for International Development (AID). The Administration has shared language with the Committee, which provides a workable approach to reorganization. Alternatively, the Administration also supports the reorganization provisions contained in H.R. 1757, the Foreign Relations Authorization Act, as passed by the House of Representatives on June 11.

Unfortunately, S. 903 goes well beyond, and in some instances, is inconsistent with the President's decision on reorganization. Therefore, the Administration urges the Senate to adopt either the Administration's alternative or an approach similar to that passed by the House and will work with the Congress to this end as the legislative process continues.

UN Reform and Arrears

The Administration is supportive of the overall approach taken in Division C of this bill, which authorizes an interrelated package of reforms and arrearage payments to the United Nations and other international organizations. While the Administration has concerns with certain provisions of the United Nations Reform Act, the approach represents a major step forward. The Administration will continue to work with the Congress throughout the legislative process to address its concerns.

Foreign Relations Appropriation Authorizations

The Administration is concerned that the appropriation authorization levels in S. 903 for some programs are lower than provided for in the House-passed Foreign Relations Authorization bill, which is consistent with Bipartisan Budget Agreement. Of particular concern is a reduction to State Department operating accounts of \$140 million from the Administration's request, because the Machine Readable Visa (MRV) program has not been reauthorized. If MRV fee language cannot be worked out, an additional \$140 million should be authorized as an appropriation to the State Department, consistent with the Budget Agreement. Without the funding provided through MRV fees, the Department's ability to protect American's borders, provide consular services to American citizens throughout the world, conduct diplomacy, and continue to move forward on management reforms would be seriously impaired.

In addition, the appropriation authorization for annual assessed contributions to international organizations (CIO) is \$59 million less than the President's request. Moreover, the President's request for peacekeeping is reduced by \$40 million. Full authorization for these accounts is essential to avoid the reemergence of arrears and so that important foreign policy priorities and unexpected crises in areas of vital importance to U.S. interests can be addressed.

The Administration strongly opposes the reduction in ACDA's appropriation authorization from \$46 million to \$39 million. Since ACDA and State will be integrated by the end of fiscal year 1998, ACDA will need full funding in FY 1998 in order to successfully restructure while continuing to accomplish all of its national security and arms control missions. ACDA's ability to effectively implement the President's arms control priorities, such as the Nuclear Non-Proliferation Treaty, must not be impacted adversely by such a reduction in funding. For USIA, the Administration appreciates the support shown for public diplomacy programs in S. 903, but opposes reductions in the operating resources needed to support these programs. For both ACDA and USIA, it is imperative that the appropriation authorization reductions be restored.

Foreign Policy Restrictions: Certain foreign policy-related provisions in S. 903 are of concern and need to be deleted or changed as the legislative process continues. The attachment contains examples of policy provisions of concern to the Administration.

The Administration is continuing to review S. 903 and may seek further changes to the bill as the legislative process continues.

Pay-As-You-Go Scoring

S. 903 could increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimate is that the PAYGO effect of this bill is zero. Final scoring of this legislation may deviate from this estimate.

June 19, 1997
(Senate)

S. 936 - National Defense Authorization Act for Fiscal Year 1998
(Thurmond (R) SC and Levin (D) MI)

The Administration supports prompt congressional consideration of its national defense authorization legislative proposal for FY 1998. As reported by the Committee on Armed Services, however, S. 936 raises serious budget, policy, constitutional, and management concerns.

Of particular concern, S. 936 would: (1) contrary to the Bipartisan Budget Agreement, reallocate funds from the Department of Energy's (DOE) 1998 defense discretionary budget request to Department of Defense (DOD) programs; and (2) unconstitutionally infringe upon the President's authority to protect national security information. The President's senior advisers would recommend that he veto a final conference bill that fails to address these concerns.

In addition, (1) if an amendment is adopted that would revise the 1995 Defense Base Realignment and Closure Commission's recommendations pertaining to Air Force Depot maintenance facilities, or (2) if any amendment is adopted that would mandate a date certain for withdrawal of U.S. forces from Bosnia, the President's senior advisers would recommend that he veto the bill.

Violation of Bipartisan Budget Agreement

S. 936 is inconsistent with the Bipartisan Budget Agreement. While authorizing overall appropriation levels for National Defense consistent with the Agreement, the bill would reduce authorization levels by \$2.5 billion from DOE programs intended for vital environmental cleanup activities and ongoing construction projects. At the expense of these high priority activities, the appropriations are reallocated to unrequested procurement programs for the DOD. For example, the bill would reduce DOE's \$1.0 billion privatization initiative for nuclear waste cleanup by about 80 percent (\$791 million). Failure to invest in privatization contracts for cleanup activities promotes the continued use of more costly, traditional DOE contracting approaches. This would result in a substantial increase to DOE's cleanup costs in future years. In addition, DOE would not be able to support critical environmental projects required under legally enforceable compliance agreements. Also, without the advance funding for ongoing construction projects requested by the Administration, DOE would incur a substantial budget shortfall in critical departmental functions, including stewardship of the safety and reliability of the nuclear weapons stockpile.

Whistleblower Provision Section 1068 would require the President to inform Federal employees that disclosure to Congress of classified information, falling into certain categories, "is not prohibited by law, executive order, or regulation, and is not otherwise

contrary to public policy" This provision is clearly contrary to the Supreme Court's explicit recognition of the President's constitutional authority to protect national security. Congress may not vest lower-ranking personnel in the Executive Branch with a "right" to furnish national security information to a member of Congress without receiving official authorization to do so. By seeking to divest the President of his authority over the disclosure of such information, the Department of Justice advises that section 1068 would unconstitutionally infringe upon the President's constitutional authority. The Administration believes that existing congressional oversight mechanisms, as well as inspector general statutes, have proven effective in bringing instances of illegality, fraud, waste, and abuse to the attention of Executive Branch managers and congressional committees.

Bosnia Withdrawal Amendment

The Administration understands that an amendment may be offered that would mandate a date certain for withdrawal of U.S. forces from Bosnia. Such an amendment could jeopardize the safety of our troops and damage our national security interests. It would seriously undercut the U.S. commitment to help implement the Dayton Peace Accords and successfully complete the NATO-led mission in Bosnia, resulting in a serious loss in U.S. credibility with the Bosnian parties, with our allies, and with other countries participating in the Stabilization Force (SFOR) operation.

The Administration continues to believe that the duration of SFOR's mission should provide sufficient time to establish conditions to maintain security and stability in Bosnia without an outside military presence. However, this effort can only succeed if the parties and the international community remain assured of U.S. leadership and commitment to peace in Bosnia.

Base Closure and Realignment

The Administration is disappointed that the bill does not adopt the Department's proposal to authorize two additional rounds of base closure and realignment in 1999 and 2001. Defense's base infrastructure is far too large for its military forces and must be reduced if the Department is to obtain adequate appropriations for readiness and for modernization requirements for the next decade.

Funding Levels

Threat Reduction Programs. The bill reduces appropriation authorizations for DOD's Cooperative Threat Reduction program by \$60 million from the Administration's request. The request of \$382.2 million is a bare-bones figure based on a difficult prioritization of a long list of potential projects. The proposed reduction would force us to delay several projects in the Former Soviet Union in critical areas such as the destruction of nuclear delivery systems and chemical weapons, improvements to the safety and security of stored nuclear warheads and fissile material, and the cessation of production of weapons-grade plutonium. The Administration urges the Senate to restore appropriation

authorizations to the request level for this important and highly effective means of enhancing U.S. security through eliminating former Soviet weapons of mass destruction and preventing weapons proliferation.

The bill also reduces the Department of Energy Materials Protection Control and Accounting Program by \$20 million and the International Nuclear Safety program by \$50 million. The Administration strongly urges the Senate to restore these two authorizations to the requested level to ensure the success of our efforts to prevent the theft or diversion of weapons-usable fissile materials and reduce the risk of accidents at Soviet-designed nuclear reactors in the Newly Independent States.

Increases for Programs Not In the Future Years Defense Program (FYDP). S. 936 adds \$4.2 billion to the Administration's request for procurement and about \$1 billion to the request for research and development. Some of these increases, however, are for programs that are not in the FY 1998-2003 FYDP and are of questionable value to the Department's overall plans to modernize military forces. These additions include: \$40 million for the Armament Retooling and Manufacturing Support program; \$45 million for two CH-47 Cargo helicopters; \$75.2 million for an oceanographic survey ship; \$118 million for Spaced-Based Laser Technology; \$50 million for the Clementine II Program; and \$80 million for Kinetic Energy Anti-Satellite technology.

Dual Use Applications Program. The bill authorizes only \$125 million of the \$225 million requested for the Dual Use Applications Program (DUAP). This program helps to develop and incorporate technologies used and tested by the cost-conscious commercial sector into military systems. By adopting these dual-use technologies, DOD will be able to take advantage of cost savings that flow from the production efficiencies of larger-scale commercial manufacturing lines. Reducing funding for DUAP would result in higher costs for future defense systems. The Administration strongly opposes reductions from its requested amount for this high priority program.

Incremental Funding of the CVN-77. The bill would authorize incremental funding for the tenth Nimitz-class nuclear aircraft carrier, CVN-77, by adding \$345 million in FY 1998 to accelerate advance procurement and construction. Although the Administration is committed to building CVN-77 (the requirement for which was validated by the Quadrennial Defense Review), it opposes incremental funding of procurement programs. The FY 1998-2003 FYDP fully funds CVN-77 construction in FY 2002. This schedule is consistent with force structure requirements and aircraft carrier replacement schedules.

F-22 Fighter Aircraft. By delaying \$420 million requested for the Engineering and Management Development program until 1999, S. 936 could jeopardize implementation of the program's recent restructuring. The Senate should restore the funding requested in the President's Budget so that the program changes identified by the Joint Estimate Team as necessary to control costs and maintain F-22 affordability can proceed.

Strategic Sealift Ships. The bill does not authorize the Administration's request for two strategic sealift ships because of concerns regarding justification, cost, and schedule. The

requirement for these sealift ships was originally identified in the Mobility Requirements Study (MRS), revalidated in the MRS Bottom Up Review Update, and confirmed in the QDR. Despite some early cost and schedule overruns, the program is now proceeding satisfactorily. The Administration urges the Senate to restore the President's Budget request and allow continuation of this urgently needed program.

Advanced Concept Technology Demonstration (ACTD) Programs. S. 936 reduces the appropriation authorization for ACTD programs by \$20 million. This program supports work on new and innovative defense system concepts. It could provide the basis for systems providing a decisive military edge over adversaries in the next century and should be authorized at the requested level.

TITAN IV. The Administration opposes the \$100 million reduction for the Titan-IV program. DOD currently plans to reprogram \$82.5 million as part of the FY 1997 Omnibus Reprogramming; a subsequent reduction in FY 1998 would result in reduced program scope, increased risk, and a necessary restoration of funds in future years.

Other Objectionable Provisions

Strategic Forces. The bill's provision that prohibits retiring certain strategic nuclear delivery systems during FY 1998, unless START II enters into force, restricts the President's national security authority. Until START II enters into force, the United States will draw-down and maintain strategic forces at levels consistent with START I.

Ready Reserve Mobilization Income Insurance Program. The Administration is gratified that S. 936 responds to concerns about the Ready Reserve Mobilization insurance program and authorizes payment of all promised benefits. The Administration objects, however, to returning premiums to members who were not deployed and, therefore, did not receive "income loss" benefits. Returning premiums sets a precedent for destroying the integrity of Federal insurance programs.

Executive Compensation. The Administration does not support a uniform cap on contractor executive compensation. The Administration believes that limitations on contractor executive compensation should reflect the position taken in the Administration's February 28, 1997, legislative proposal. That proposal recognizes that contractor executive compensation limitations should reflect pay levels based on industry norms considering the size and nature of the companies and the positions concerned.

Delay of Federal Agency Actions Determined to Affect Readiness. The Administration opposes a provision that would authorize the Secretary of Defense to delay any administrative action by a Federal agency if the Secretary believes the action would impact military readiness. The term "administrative action" is overly broad and could include anything from directives to comply with existing regulations to delay of new regulations. Further, the term "impacting military readiness" is unclear and too broad. It could enable the Secretary to block actions without consideration of other public

concerns. The existing regulatory review process provides a venue for a full airing of all Federal concerns including military readiness and national security.

Naval Petroleum Reserve (NPR) Leasing. The Administration also opposes section 3402, which would provide for the leasing of NPRs 1, 2, and 3 by the DOE. This provision is contrary to an agreement recently reached between the Department of the Interior (DOI) and DOE, under which DOE would transfer these lands to DOI for leasing under the Mineral Leasing Act (MLA). Section 3402 would also deprive the State of Colorado of its share of leasing royalties under the MLA.

Panama Canal Commission (PCC). The Administration opposes the authorization of unlimited or excessive recruitment, retention, and separation incentive payments for the PCC. The Administration also opposes the waiver of restrictions on certain dual compensation payments for members of the PCC.

Procurement Reform. We understand that consideration is being given to a floor amendment to address procurement. We would strongly support adoption of the Administration's government-wide procurement provisions through such an action.

The Administration, as it continues its review of the bill, may identify other issues, and will work with the Congress to address these concerns and to develop a more acceptable bill.

July 16, 1997
(Senate Floor)

S. 955 -- FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED OPERATIONS APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; McConnell (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on S. 955, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration greatly appreciates the strong support for foreign operations programs that the Committee bill provides. The bill will significantly support the maintenance of U.S. leadership, and, therefore, the Administration supports Senate passage of the Committee bill. The Administration would strongly oppose any floor amendments that would reduce the funding provided or that would constrict the President in carrying out U.S. foreign policy.

Funding Provisions

The Administration welcomes the Committee's action to provide the full amount of funding for regular programs (excluding multilateral development bank (MDB) arrears) called for by the Bipartisan Budget Agreement. The Administration also supports the Committee bill's provision of \$220 million in MDB arrears under special provisions of the budget agreement. These special provisions would allow the full \$315 million requested for arrears to be appropriated for FY 1998, and the Administration continues to seek that outcome.

Not all programs in the bill are at the levels requested by the Administration. Reductions (excluding arrears cuts) are made in assistance to the New Independent States, the World Bank's Global Environment Facility, international organizations and programs, the Peace Corps, the development foundations, peacekeeping operations, international military education and training, and international narcotics control. None of the requested funds have been provided for the African Development Fund, the Middle East Development Bank, and the Enhanced Structural Adjustment Facility of the IMF, nor has transfer authority been provided for AID's Development Credit Authority. Each of these programs is important, and in subsequent stages of appropriations action, the Administration will continue to seek full funding of these accounts at the requested levels.

Authorizations

The Administration has requested that the Congress pass authorization legislation necessary for obligation and expenditure of the requested funds. The Committee bill has

not provided authorization authority for the IMF's New Arrangements to Borrow (NAB), the International Development Association (IDA), the European Bank for Reconstruction and Development (EBRD), the Asian Development Fund (ADF), the Inter-American Development Bank (IDB), the IMF's Enhanced Structural Adjustment Facility (ESAF), nor for Commodity Credit Corporation (CCC) debt reduction and P.L. 480 debt buyback/swaps. The Administration would like to work with the Congress to provide such authorities in a timely way.

Earmarks

The Administration continues to object strongly to funding earmarks, which are especially numerous in the NIS account and for development assistance. In recent years in particular, the increasing use of such earmarks and sub-earmarks has interfered with carrying out foreign policy and with implementing programs effectively. We need flexibility to address the rapidly changing political, economic, and human rights circumstances in recipient countries, and to ensure that our aid dollars go to nations and sectors that are reforming properly.

Policy Provisions

Apart from the earmarks, the bill contains a number of provisions supportive of U.S. foreign policy, such as continued support for KEDO, treatment of international family planning programs, and the expanded ability to provide some assistance to Azerbaijan, for which the Administration is grateful.

Provisions Affecting the Middle East. The Administration strongly opposes the treatment of Egyptian ESF and FMF in the Committee bill. The inclusion in the bill of a specific funding level for one of the Camp David partners, Israel, but not for Egypt is harmful to our ability to play the role of honest broker in the Middle East peace process. Egypt is a strategic partner in the peace process and has played a critical role in moving the parties toward an eventual settlement. While we strongly support assistance to Jordan, we believe that funding this assistance through cuts in funding for Egypt would damage the overall interests of the United States in the Middle East. Further amendments to condition assistance to the region or tie the President's hands in his conduct of the Middle East peace process would be strongly opposed by the Administration.

Restrictions on Aid to Russia. Similarly, the assistance to Russia provided in the Committee bill, though less than the Administration is seeking, is in our national interest. The Administration, therefore, strongly opposes the Iran-related conditions on assistance to Russia. Cutting or restricting aid to Russia would hurt the reformers in Russia, particularly at a time when economic reform is moving ahead thanks to a new, young, dynamic cabinet. Our assistance to Russia is targeted to support private entrepreneurship and democratic reform at the grassroots level. It is in the U.S. national interest to see Russia reform, and it would be a mistake to suspend the assistance that supports this reform.

War Criminals. The Administration is deeply committed to the goal of section 573 of the Committee bill, namely, bringing indicted war criminals to justice in front of the Tribunal in The Hague. We want to work with Congress on any legislation to advance that goal and have provided suggested language modifications to the Subcommittee, but we must oppose this proposed legislation as it is currently drafted. Section 573 would undermine the leverage and flexibility needed to push the Bosnians, Croatians, and Serbians toward implementation of key aspects of the Dayton agreement and the creation of a single Bosnian state.

Infringement on Executive Authority. Several sections of the bill would require the United States to use its "voice and vote" to take particular positions in international organizations. The Constitution, however, commits to the President the responsibility for formulating the position of the United States in international fora. Therefore, these sections would, if enacted, be construed as advisory.

Amendments. Of the many amendments that will be debated by the Senate when this bill goes to the Floor, we are aware of two in particular that the Administration would support. One amendment would restore OPIC, IMET, TDA, and democracy-building programs for Pakistan. We firmly believe that allowing these programs to operate in Pakistan is in the U.S. interest and that once restored, they will be a key factor in strengthening our relationship with an important country in a vital part of the world. We also support an amendment that would suspend for two years the annual drug certification process so that a thorough inter-agency review can develop and implement a new multilateral strategy to stem the flow of illegal narcotics.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

In summary, the bill reflects bipartisan support for achieving many security, economic, and humanitarian goals abroad. With a limited number of modifications, the bill would warrant the strongest possible Administration support.

Attachment

(Senate Floor)

ADDITIONAL CONCERNS

S. 955 -- FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED OPERATIONS APPROPRIATIONS BILL, FY 1998 (AS
REPORTED BY THE SENATE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns:

Key programs affecting the security and foreign policy of the United States have been prohibited or severely restricted in the Committee bill.

International Narcotics Funding. The conditioning of international narcotics funding on receipt of a report requiring detailed information from agencies beyond the control of the Department of State, in addition to subjecting all of the bureaus' funds to notification, would need to be revised later in the appropriations process.

Transfer of Military Equipment. The provision requiring a specific understanding of the use of certain military equipment prior to its transfer to Indonesia is unnecessary. The Administration already has in place an effective policy that, for human rights reasons, precludes the sale to Indonesia of small arms, riot control equipment, and armored personnel carriers and correctly focuses on equipment that could have direct human rights ramifications.

African Crisis Response Initiative. The deletion of funds for the African Crisis Response Initiative would halt our promising efforts, in coordination with other donor countries, to increase African peacekeeping capacity, which is designed to reduce the burden on U.S. resources caused by major African crises.

July 15, 1997
(Senate Floor)

S. 1004 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Domenici (R), New Mexico)

This Statement of Administration Policy provides the Administration's views on S. 1004, the Energy and Water Development Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. However, the Administration strongly objects to the Committee's reallocation of national defense funds from Department of Energy programs to Department of Defense programs. These funds are needed for key environmental privatization projects and to provide full funding for Atomic Energy Defense Activities, as requested, which is consistent with fixed asset funding practices in the Government's other defense programs. We believe that this action is an unacceptable deviation from our understanding of the Bipartisan Budget Agreement.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Senate toward achieving acceptable funding levels. The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Department of Energy

The Administration objects to the Committee's providing only \$343 million of the \$1.006 billion requested for environmental management privatization projects, while adding \$283 million in unrequested funds to the stockpile stewardship and management programs. Based on this mark, several environmental privatization projects would not be funded at all, and it is questionable whether the expected out-year funding would allow support for higher priority cleanup privatization projects at this funding level. Failure to invest in competitive privatization contracts for cleanup activities would force the Department of Energy (DOE) to continue using more costly, traditional contracting approaches. This would result in a substantial increase to DOE's cleanup costs in future years and could jeopardize the Department's ability to comply with legally enforceable cleanup agreements.

The Administration opposes the \$19 million dollar reduction to the request for the Uranium Enrichment Decontamination and Decommissioning (D&D) program. DOE is

about to enter into a large contract for D&D and re-industrialization of the large gaseous diffusion plant in Oak Ridge, Tennessee, using an approach that will expedite cleanup, reduce costs, and create new jobs. The Committee's funding cuts in this program would make it difficult to proceed with this effort, comply with legal environmental requirements, and provide reimbursements to radium and thorium licensees.

The Administration is concerned that the Committee's reduction of \$30 million from the request for the civilian radioactive waste management program would seriously threaten the DOE's viability assessment. Both the Nuclear Waste Technical Review Board and independent expert advisers have urged DOE to build and study an east-west tunnel "drift" through the repository block to reduce current uncertainty about water moving downward through the site. The funding cut would virtually eliminate any input from this important research to the viability assessment. The Committee's recommendation for the Nuclear Energy Security initiative would eliminate Departmental funding for any nuclear energy research, including university-based research efforts in nuclear engineering departments.

The Administration strongly opposes the Committee's \$57 million cut (after the use of prior-year balances) to the request for the Solar and Renewable Energy program and the elimination of \$25 million requested for Next Generation Internet. The Solar and Renewable Energy mark would be particularly damaging to solar-thermal R&D, which has been making some of the fastest progress in reducing costs of any renewable technology, and would provide an unwanted and unnecessary increase for hydrogen system testing. While the Administration agrees that the private sector has shown the capability and willingness to fund considerable technology development for the Internet, the Next Generation Internet funds requested in the President's budget are necessary to assist universities and national laboratories in implementing advanced, high-speed connections that will not be financed by industry, and to accelerate research in areas where DOE laboratories have particular expertise.

The Administration urges restoration of \$2 million to fund the Office of Inspector General (OIG). The President's request level is the minimum funding necessary for the OIG to continue its present level of investigation, audit, and oversight. The OIG was instrumental in DOE's ability to obtain the only clean audit opinion for the consolidated financial statement in a cabinet-level department.

Bureau of Reclamation

The Administration objects to the Committee's decision to fund the restoration of California's Bay-Delta ecosystem at \$50 million, a level \$93 million below the amount that Congress recently authorized. Because this program is central to resolving the water conflicts that have plagued the State for over thirty years, we believe that Congress should provide the full \$143 million requested in the FY 1998 Budget. The citizens of the State of California have demonstrated their commitment to this historic effort with the passage of a \$995 million State bond issue last Fall. In addition, we urge the Senate to provide the full \$39 million authorized for the Central Valley Project Restoration Fund,

which is an important component of the effort to restore this critical ecosystem. The Fund is financed through offsetting receipts from project users.

The Administration also objects to the Committee's decision to fund a number of Reclamation projects not requested in the FY 1998 Budget, some of which could result in a demand for additional funding in the out-years.

Army Corps of Engineers

The Administration urges the Senate to reduce the number of unrequested Corps of Engineers projects and to restore funds that the Administration has requested for priority projects, including the Columbia and Snake Rivers Juvenile Fish Mitigation Program for salmon run restoration, and for construction of an emergency outlet for Devils Lake, North Dakota. The Administration urges the Senate to use the over \$290 million in unrequested funds that the Committee has provided for the Corps of Engineers construction, studies, and operation and maintenance programs to restore reductions made in other priority Corps and DOE programs.

The Administration urges the Senate to restore the Committee's \$6 million reduction from the Administration's request for the Corps' regulatory program and to include the Administration's requested regulatory permit fee. At the Committee's proposed level of funding, permit processing times could increase. Without the permit fee, the Corps would be unable to recover its costs for processing commercial application.

July 14, 1997
(Senate Floor)

S. 1005 -- DEPARTMENT OF DEFENSE APPROPRIATIONS BILL,
FY 1998
(Sponsors: Stevens (R), Alaska)

This Statement of Administration Policy provides the Administration's views on S. 1005, the Department of Defense Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your serious consideration of the Administration's concerns are critical to the effective operations of these important programs.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We appreciate the Senate's decision to fund the National Missile Defense program at the levels recommended in the Quadrennial Defense Review (QDR). Likewise, we appreciate the Senate's fully funding, at requested levels, contingency operations in both Bosnia and Southwestern Asia.

The Administration, however, has serious concerns about certain provisions of the Committee bill. Under Committee scoring, the bill provides \$247.0 billion in total discretionary funding, exceeding the President's request by \$3.7 billion, an amount greater than the increase assumed in the Bipartisan Budget Agreement. Achieving this funding level required a reallocation of funds from Department of Energy programs to Department of Defense programs, an action that we believe is an unacceptable deviation from our understanding of the Bipartisan Budget Agreement. Moreover, the Committee bill provides funds for unrequested programs not in the DoD Future Years Defense Program (FYDP), at the expense of higher priority programs requested by the Department. We urge the Senate to eliminate funding for programs not anticipated in the Pentagon's long-range plans and restore funding to programs of higher priority.

Increases in Procurement Programs Not in the FYDP

The Committee has added \$3.8 billion to the Administration's request for procurement and \$0.6 billion to the request for research and development. Some of these increases are for programs that are not in the FYs 1998-2003 FYDP and are of questionable value to the Department's overall plans to modernize military forces. These additions include: \$177 million for WC-130 weather reconnaissance aircraft; \$40 million for the Armament Retooling and Manufacturing Support program; \$73 million for an oceanographic survey ship; \$118 million for Spaced-Based Laser Technology; \$50 million for the Clementine II Program; and, \$50 million for Kinetic Energy Anti-Satellite technology. While we appreciate the flexibility the Committee provides for allocating the National Guard and Reserve equipment increase, we nonetheless oppose the additional \$653 million that has been added for programs not in the FYDP.

Incremental Funding of the CVN-77

The bill would provide the first increment of funding for the tenth Nimitz-class nuclear aircraft carrier, CVN-77, by adding \$345 million in FY 1998 to accelerate advance procurement and construction. Although the Administration is committed to building CVN-77 (the requirement for which was validated by the Quadrennial Defense Review), we oppose incremental funding of procurement programs. The FYs 1998-2003 FYDP fully funds CVN-77 construction in FY 2002. This schedule is consistent with force structure requirements and aircraft carrier replacement schedules. Restriction on Presidential Foreign Policy Prerogatives

The bill includes several general provisions that would limit the President's flexibility to conduct foreign relations regarding North Korea (section 8066) and to support United Nations peacekeeping operations (sections 8079 and 8081). The Administration urges the Senate to delete these provisions.

Cooperative Threat Reduction Program

The bill reduces DoD's Cooperative Threat Reduction (CTR) program by \$60 million from the Administration's request. The CTR program is an important and highly effective means of enhancing U.S. security through eliminating weapons of mass destruction and preventing weapons proliferation. The request of \$382.2 million is a bare-bones figure based on a difficult prioritization of a long list of potential projects. The proposed reduction would force DoD to delay several projects in the Former Soviet Union in critical areas such as the destruction of nuclear delivery systems and chemical weapons, improvements to the safety and security of stored nuclear warheads and fissile material, and the cessation of production of weapons-grade plutonium. The Administration urges the Senate to restore funding to the requested level.

Environmental Cleanup of Former DoD Sites in Canada

The Committee has denied a funding request for an environmental restoration program at former U.S. military bases in Canada. In October 1996, the U.S. agreed to pay for its fair share of the cleanup costs at bases used by the U.S. military during the Cold War. Failure to fund these activities would leave the U.S. unable to fulfill an agreement with a close ally. We strongly urge the Senate to fund this request.

Joint Chiefs of Staff Exercise Program Cuts

The bill recommends sharp reductions to requested funding for the Joint Chiefs of Staff (JCS) exercise program. This program provides for transportation of U.S. forces to engage in large-scale joint training operations with other U.S. services and allies. The Administration is concerned about the size of the reduction to this program and will work with the Congress to determine the appropriate funding level for JCS exercises as the bill moves through the process.

Overseas Humanitarian Disaster and Civic Assistance

The Administration objects to the Committee's \$40 million cut to DOD's Overseas Humanitarian Disaster and Civic Assistance (OHDACA) account. The Administration requests restoration of funding for the OHDACA account to the President's requested level so that the Department can respond appropriately to unanticipated global emergencies.

F-22 Fighter Aircraft

The Committee-reported bill would eliminate \$213 million requested for termination liability for the Engineering and Management Development (EMD) stage of the F-22 program. The bill also would delete \$81 million requested for advance procurement funding for the F-22. These reductions would cause unnecessary disruption to the program as it transitions from EMD to low-rate production. The Administration asks that the Senate restore funding to the level requested in the President's budget to ensure that the program continues on a stable course, consistent with the changes identified by the F-22 Joint Estimate Team.

Strategic Sealift Ships

The Committee has not funded the Administration's request for two strategic sealift ships. Procuring sufficient sealift capability is a key element in our national strategy to respond to major theater wars and meet global crises in a timely fashion. The requirement for these sealift ships was originally identified in the Mobility Requirements Study (MRS), revalidated in the MRS Bottom Up Review Update, and confirmed in the QDR. Despite some early cost and schedule overruns, the program is now proceeding satisfactorily. The Administration urges the Senate to restore funding to the requested level and to allow continuation of this critical program.

Dual Use Application Program

The bill would appropriate only \$125 million of the \$225 million requested for the Dual Use Applications Program (DUAP). This program helps to develop and incorporate technologies used and tested by the cost-conscious commercial sector into military systems, allowing DoD to take advantage of cost savings that flow from the production efficiencies of larger-scale commercial manufacturing lines. Reducing funding for DUAP would result in higher costs for future defense systems. The Administration strongly opposes the Committee's reduction from the requested amount for this high priority program.

Advanced Concept Technology Demonstration Program

The Committee bill would reduce by \$20 million the President's \$121 million request for the Advanced Concept Technology Demonstration (ACTD) program. This program supports work on new and innovative defense system concepts and could provide the basis for systems providing a decisive military edge over adversaries in the next century. This reduction would limit the Department's ability to test these new defense systems

early in the development phase, when changes to these systems provide the greatest payoff. The Administration urges the Senate to restore funding to the level requested in the President's budget.

Next Generation Internet

The Committee would reduce the President's request of \$40 million for the Next Generation Internet program by \$30 million. This program will support research and development to connect university and Federal labs with high-speed networks that are 100 to 1,000 times faster than today's Internet. The Administration urges the Senate to restore funding to the requested level for this important program.

Unmanned Aerial Vehicle

The Administration objects to the termination of the Outrider unmanned aerial vehicle (UAV) program. The Outrider remains the highest priority UAV program, and its termination would significantly delay the fielding of any UAV reconnaissance capabilities.

O&M Appropriation by Budget Activity

By creating separate subdivisions at the Budget Activity level in Operations and Maintenance accounts, the Committee would severely restrict the flexibility of DoD financial managers to execute programs effectively. The effect of the Committee's action would require the use of transfer authority for every dollar transferred between Budget Activities at every level of command. The Administration strongly urges the Senate to appropriate funds for Operations and Maintenance programs at the account level, which is consistent with traditional practices.

July 24, 1997
(Senate Floor)

S. 1022 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Gregg (R), New Hampshire)

This Statement of Administration Policy provides the Administration's views on S. 1022, the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. For example, we appreciate the Senate's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of \$1.4 billion is consistent with the Bipartisan Budget Agreement and will enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000. While below the request, the Administration also appreciates the funding level provided for the Legal Services Corporation. We strongly urge full funding of the President's request.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Senate toward achieving acceptable funding levels. The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, funding could be reduced for the Local Law Enforcement Block Grant and the new Juvenile Justice Block Grant. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Department of Commerce

National Institute of Standards and Technology. The Administration urges the Senate to restore funding for the National Institute of Standards and Technology (NIST) to the level agreed upon in the Bipartisan Budget Agreement. The Committee mark of \$604 million falls short of the agreed upon level by \$89 million. The reduction is targeted to the Advanced Technology Program (ATP) and Manufacturing Extension Partnership (MEP), which work in partnership with industry to advance U.S. competitiveness. ATP is funded at \$200 million, \$76 million below the President's request. This funding level would reduce the number of innovative technology development grants that NIST could award. MEP is funded at \$111 million, \$12 million below the request. The Committee's reduction would prevent funding for new initiatives designed to increase the synergy of our national network of centers. We strongly urge full funding of the President's Budget.

National Oceanic and Atmospheric Administration. The Administration is disappointed that no funds have been provided for the President's Clean Water Initiative, which would

help protect coastal communities from pollutants. The National Oceanic and Atmospheric Administration (NOAA) is the primary trustee of our Nation's coastal resources and, as such, plays an important role in this initiative. The \$22 million initiative builds from NOAA's unique coastal responsibilities and partnerships with States and other Federal Trustee agencies. In addition, we are disappointed that the Committee has not included any funding for the Global Learning and Observations to Benefit the Environment Program (GLOBE). This program was developed to increase understanding of the Earth and has already formed partnerships with over 2,500 U.S. schools and 35 other countries, involving thousands of students across the U.S. and worldwide. The Committee is recommending over \$100 million in funding for NOAA activities not requested by the Administration. We strongly urge that a portion of these funds should be redirected to continue the Clean Water Initiative, GLOBE, and other priorities.

Census Sampling. While the compromise language that passed the Senate in the FY 1997 Emergency Supplemental Appropriations and Rescissions Bill would be workable, the Administration would strongly object to any prohibition on the use of sampling as part of the 2000 Decennial Census. Without the limited use of sampling, the accuracy of the census would decrease significantly, especially with regard to children and minority groups that have been traditionally undercounted. The National Academy of Sciences, the General Accounting Office, the Commerce Department Inspector General, and the vast majority of the professional statistical community support the use of sampling in the decennial census.

National Information Infrastructure Grants Program. The Administration urges the Senate to reallocate resources between the National Information Infrastructure (NII) grants program and the Public Broadcasting Facilities program. The Committee mark substantially reduces funding for the former and provides a large, unrequested increase for the latter. The NII program is meritorious, providing seed money for innovative projects that deploy, use, and evaluate advanced telecommunications and information technology.

Department of Justice

Drug Courts and Drug Testing. The Administration opposes the Committee's \$40 million funding level for the drug courts program. The drug courts program is a proven, cost-effective means of using the coercive power of the courts to move non-violent offenders into drug treatment. Also, the President's budget provides a total of \$30 million to offset the costs associated with drug testing State and local arrestees. The Administration is concerned that the Committee does not identify \$30 million from the Byrne Grant program for the State and local portion of the drug testing program. The drug courts and drug testing programs could be restored to the requested levels by reducing the Committee's funding level for the Local Law Enforcement Block Grant program.

Juvenile Justice Block Grant. The Administration appreciates the Committee's desire to provide additional support for juvenile justice programs. However, we are concerned that the block grant program may authorize a broad and unfocused range of activities. We urge the Senate to target \$100 million for the prosecutorial grant program, which is designed to facilitate the cooperation and coordination of prosecutors and police with

school officials, probation officers, youth social service professionals, and community members in an effort to reduce the incidence of gang activity and violent juvenile crime. The Administration also urges the Senate to target \$50 million for the violent youth court program, which is designed to develop initiatives that courts and court-related entities, such as probation and parole offices and victim/witness centers, may use to enhance and expedite the handling of youth violence cases.

FBI Recruitment. The Committee bill exempts the FBI from Title 5 personnel laws and regulations on the basis that the FBI is restricted in its ability to recruit and retain individuals with scientific and technical skills, and that pay flexibility under Title 5 is inefficient. We believe the Committee's action, while well intended, is flawed. There is insufficient evidence of a recruitment problem at the FBI that would be solved by exemptions from Title 5 provisions for employee classification, pay, and performance. Such exemptions would not address significant non-pay recruitment problems, such as the large number of applicants that fail drug and/or polygraph tests. The Federal agencies that have documented pay-related recruitment problems have successfully used the pay flexibility provided in Title 5. In addition, the provision would establish a personnel system not subject to Office of Personnel Management oversight; exempt all FBI employees, including support staff, from Title 5 in response to undocumented recruitment problems related to scientific and technical personnel; and, would address the Government-wide needs for scientific and technical employees, including the those of other law enforcement agencies, in an inconsistent manner. We recommend that this provision be deleted from the bill.

Telecommunications Carrier Compliance. The Committee bill does not provide any FY 1998 funding for the Telecommunications Carrier Compliance program. The Administration has requested \$100 million to reimburse communications equipment manufacturers for the cost of modifying equipment to ensure that law enforcement agencies would be able to conduct court-authorized wiretaps. As requested, the FBI has provided the Committee with a detailed implementation plan for the program. Implementation should not be delayed further for the creation of an FBI/industry working group and refinement of the implementation plan as the Committee's Report directs. The Administration strongly requests that funding for this program be provided.

Bureau of Prisons. The Administration objects to language of the Committee Report concerning the Bureau of Prisons, Buildings and Facilities, appropriation. The Report mandates that unless a certain minimum funding level is included in the President's FY 1999 Budget for prison facilities, funding for INS political appointees will be restricted in FY 1998. This provision inappropriately attempts to encroach on the President's authority to determine the Administration's FY 1999 funding priorities and precludes an assessment of the Bureau's needs in favor of a pre-determined level set by Congress. Finally, this action would tie funding for prisons to a sanction in another, unrelated appropriation (INS).

The Administration urges the Senate to strike section 103 of the Committee bill, which would prohibit the Bureau of Prisons from funding abortions except in cases of rape or where the life of the mother is endangered. The Department of Justice believes that there is a great likelihood that this provision would be held unconstitutional.

Ounce of Prevention Council

The Administration opposes the Committee's termination of the Ounce of Prevention Council. Elimination of this program would hinder the Federal Government's ability to help neighborhoods implement balanced strategies to reduce crime through enforcement, prevention, and intervention. The Council awards discretionary grants for promising community collaborative crime prevention programs, publishes a catalog of crime prevention grants and programs, and provides information and technical assistance. It plays a critical role in helping communities gain access to information on crime prevention best practices. The Administration strongly urges the Senate to provide funding for the Council and has identified an appropriate offset.

The Judiciary: Ninth Circuit

The Administration opposes the provision in the Committee bill that would reorganize the Ninth Circuit by splitting it into two separate circuits. We understand that other substantive amendments to divide the Ninth Circuit may be offered on the Senate Floor. The Administration strongly objects to using the appropriations process to legislate on this important matter. The division of the Ninth Circuit is an important issue not just for the bench and the bar of the affected region, but also for the citizens of the Ninth Circuit. The Administration believes that a much better approach would be passage of legislation, H.R. 908 -- already passed by the House and currently pending at the desk in the Senate -- that would create a bipartisan commission to study this difficult and complex question and make recommendations to the Congress within a date certain. This would allow for substantive resolution of the issue in a deliberative manner, allowing all affected parties to voice their views.

Legal Services Corporation

Of the \$300 million appropriated for the Legal Services Corporation (LSC), \$17 million is earmarked for "pro se" legal education programs. Funding for the provision of legal services remains at the FY 1997 level. The Administration recommends full funding of the President's request.

Equal Employment Opportunity Commission

The Administration appreciates the Committee's desire to provide additional resources over the FY 1997 level for the Equal Employment Opportunity Commission (EEOC). However, we urge the Senate to go further and fully fund the President's request of \$246 million, given the importance of the EEOC's work in addressing unlawful discrimination.

Department of State

The Administration appreciates the Committee's strong support for the State Department's accounts that fund diplomatic and consular activities, which would help reverse the erosion of the Department's worldwide operations. We are also pleased that

the Committee provided the transfers as requested to support the International Cooperative Administrative Support Services (ICASS) program.

While the Administration welcomes the first-year funding of \$100 million for arrears payments, we are greatly concerned about the funding levels for the FY 1998 annual assessments provided in Contributions to International Organizations and Contributions for International Peacekeeping Activities (CIPA). United States leadership in these organizations on a host of issues of importance to the American people will be compromised if we fail to meet our binding obligations to them. It is important that funding for these activities be protected so that the Administration can pay annual costs, avoid new arrears, and be given some flexibility to address unforeseen needs relating to peace and security around the world.

Funding for both accounts is significantly below what is necessary to pay annual costs, avoid new arrears, and provide some flexibility for the President to address unforeseen needs relating to peace and security around the world. We believe it is premature to direct that FY 1997 CIPA funds be reallocated given continuing uncertainties in some regions of the world. Further, we are disappointed that the bill does not provide a commitment for three years of arrears payments, consistent with the Senate-passed authorization bill. These appropriations levels are inconsistent with the extensive negotiations between the Administration and Congress on reform and funding of the U.N. system.

The Administration urges the Senate to strike two provisions that raise serious Constitutional concerns, sections 406 and 408. Section 406 would condition the use of funds for diplomatic relations with Vietnam on Presidential certification that Vietnam has satisfied specific conditions contained in this section. This unworkable requirement would unconstitutionally constrain the President's exercise of his power to recognize foreign governments. Section 408 would mandate that the United States withdraw from an international organization if the President determines that amounts appropriated for payment of all contributions to such organization are less than the actual amount of contributions to such organization. This congressional mandate would infringe on the President's constitutional power to conduct U.S. diplomatic affairs.

Arms Control and Disarmament Agency

The Administration strongly opposes the Committee mark of \$32.6 million for the Arms Control and Disarmament Agency (ACDA), which would severely undercut the Administration's efforts to reduce the threat of nuclear and other weapons to the security of the American people. In addition to the \$46.2 million request included in the FY 1998 Budget, a fully-offset budget amendment for Comprehensive Nuclear Test Ban Treaty requirements was transmitted on July 17th, bringing ACDA's FY 1998 request to \$59.2 million. The full revised request is needed for these important national security activities.

National Endowment for Democracy

The Administration strongly objects to the Committee's elimination of funding for the National Endowment for Democracy (NED), particularly given the Committee's increases above the request for other USIA-funded grants. The President's request of \$30 million is needed to support democracy-building programs throughout the world. We urge the Senate to provide funding for NED at the requested level of \$30 million.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment

(Senate Floor)

ADDITIONAL CONCERNS

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY
AND RELATED AGENCIES APPROPRIATIONS BILL, FY
1998 (AS REPORTED BY THE SENATE COMMITTEE)

The Administration looks forward to working with the Congress to address the following additional concerns:

Department of Commerce

Economic Development Administration. The Administration supports the restoration of funds for economic development public works grants and defense economic adjustment to levels that would provide sufficient funding for their effective administration. Both are funded at a level significantly below FY 1997 in the Committee bill. These grants foster the establishment or expansion of industrial and commercial businesses supporting the creation and retention of jobs and help rebuild and diversify communities affected by base closures.

Economic and Statistical Analysis. The Committee mark for Economic and Statistical Analysis (ESA) is insufficient to make necessary improvements to important economic indicators. For the past four years, ESA has been denied funding for improvements to GDP and related regional, national, and international accounts data. In the past, ESA has dealt with funding constraints by eliminating important but non-core activities such as the Pollution Abatement Survey and Regional Economic Projections. ESA cannot sustain the quality of the Nation's basic economic indicators under continued funding constraints.

Congressional Earmarking. The Administration is concerned about unrequested funds that are earmarked for low priority programs, particularly in the National Oceanic and

Atmospheric Administration, the Economic Development Administration, the National Institute of Standards and Technology, and the International Trade Administration.

Department of Justice

Immigration and Naturalization Service (INS) Fee Accounts. The Administration is very concerned that the Committee bill would underfund certain authorized discretionary programs and use mandatory funds from immigration examination and user fees for certain unauthorized discretionary activities. The bill directs the Department of Justice to use examination and user fee revenue -- classified as mandatory -- for discretionary activities that are not authorized. The bill further commits to unrequested discretionary activities collections and unobligated balances that are necessary for providing services or processing and adjudicating applications. The result of these actions would be that INS would not have sufficient resources available to process pending naturalization applications or properly provide other services and benefits.

Executive Support. The Administration opposes the Committee's action to freeze legislative and public affairs activities at FY 1997 levels throughout the Department. Freezing these activities would inhibit the Department's ability to clear legislation in a timely and responsive manner and constrain its capacity to serve Congress. The Administration urges the Senate to increase funding for the Executive Support offices and to delete the Committee bill's restrictions on the use of detailees.

United States Attorneys. The Judiciary appropriation contains a provision capping the amount that Federal Public Defenders may spend on representation of defendants in capital cases. It stipulates that any costs over this cap must be borne by the courts and prosecutors. This provision is an unacceptable restriction on defendants' right to legal representation, raising the prospect that the decisions of judges and prosecutors could be affected by monetary pressures. The Administration opposes any suggestion that the cost of defending a citizen should be a consideration in the litigation of any matter, especially in capital cases.

Legal Services Corporation

Debarment of Grantees. The Administration is concerned about section 504(c)(5) of the bill, which would permit LSC to debar any grantee that files a lawsuit against the Corporation or any government agency. While existing law prevents LSC grantees from using LSC funds to sue the Corporation, the Administration opposes restricting grantees from using non-Federal funds to exercise their right to protect themselves from improper government actions.

Federal Communications Commission

Relocation. The Committee bill provides no funds in support of the Federal Communications Commission's (FCC's) scheduled move to the Portals complex. Failure to provide these funds would delay the move, which could result in the Government unnecessarily paying for rent on an unoccupied building. The Administration urges the Senate to provide the \$30 million required for the FCC move in FY 1998.

U.S. Information Agency

International Broadcasting. The Administration urges the Senate to restore funding for the International Broadcasting Operations account to the President's requested level of \$367 million, including funding for Radio and TV Marti. The restoration of the

Committee's \$5 million reduction is of particular concern given the Administration's agreement to support a congressional initiative to increase broadcasting to China significantly in FY 1998, an initiative proposed after the budget request was developed. In addition, the Administration objects to language in the bill that would tie the availability of direct appropriations for international broadcasting programs to the collection of revenues from advertising. We believe that it is unwise to link ongoing broadcasting services to an estimate of revenue that may not materialize.

July 23, 1997
(Senate Floor)

S. 1033 -- AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION,
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Cochran (R), Mississippi)

This Statement of Administration Policy provides the Administration's views on S. 1033, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated. The Committee has developed a bill that provides requested funding for many of the Administration's priorities. As discussed below, the Administration will seek restoration of certain of the Committee's reductions to the President's requests. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Committee toward achieving acceptable funding levels.

The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, unrequested funds have been provided to the P.L. 480 Title I account, and the Administration's proposed user fees for meat and poultry inspection and new user fees for the Food and Drug Administration have not been adopted. In addition, while we commend the Committee for including the requested discretionary funds to operate the Crop Insurance program, the Committee has added \$53 million more than requested for this purpose. These additional discretionary resources could be used to fund higher priority programs. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Women, Infants, and Children Program

The Committee bill would fund the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at \$3.9 billion, \$180 million below the President's request. The Committee's mark is intended to support a participation level of 7.4 million women, infants, and children, the anticipated FY 1997 end-of-year caseload level. The President's FY 1998 Budget request would allow program participation to grow modestly -- to 7.5 million by September 1998 -- and fulfills the bipartisan commitment to fully fund WIC. The request also includes a \$100 million contingency reserve to ensure that unanticipated food price increases do not cause participation decreases.

The Administration appreciates the recent action by the Congress to provide supplemental funding to ensure stable WIC participation in FY 1997. We also appreciate that the Committee bill provides needed flexibility in allocating WIC funding to States. However, we are disappointed that the Committee mark does not provide funding for the contingency reserve and for the modest increase in participation proposed in the

President's budget. These two provisions would allow WIC to reach and maintain the bipartisan commitment to full program participation.

The Administration shares the Committee's concern that WIC be able to maintain its successful cost containment efforts. The Administration strongly supports the Committee's inclusion of a provision to ensure competitive contracting of infant formula based on the lowest net wholesale cost. Without such a provision, infant formula costs could rise dramatically, increasing WIC's total costs and putting budgetary pressure on other programs funded by Agriculture appropriations.

Food Stamps

Unlike other major Federal entitlement programs such as Supplemental Security Income and Medicaid, the Food Stamp appropriation does not include an indefinite authority that would provide funding in the event of an economic recession or estimating errors. Instead, the Congress has traditionally provided a benefit reserve, or "cushion." While less than the requested level, the Administration appreciates that the Committee recognized the need for a benefit reserve by providing \$1 billion for this purpose and urges the Senate to provide the requested level of \$2.5 billion, to the extent possible.

Food and Drug Administration

The Committee action would result in a total program level for the Food and Drug Administration (FDA) of \$1.0 billion: \$913 million in budget authority and \$113 million in user fees. This level of funding for fees is, in total, a net \$132 million below the President's request. It is appropriate that regulated industries that derive valuable benefits from some FDA activities contribute an appropriate share of FDA's cost of ensuring the safety and effectiveness of their products. The Administration urges the Senate to fund FDA at the requested program level of \$1.1 billion, offset by the proposed user fees.

The Administration is also very concerned that the Committee bill includes only \$5 million of the \$34 million requested to enforce FDA's rule intended to reduce children's access to tobacco products and make the public aware of the requirements. The Federal Government should move as quickly as possible to reduce children's access to tobacco, and not make enforcement contingent upon approval of a national settlement with the tobacco industry. Full funding of the requested \$29 million increase is essential to meet the Administration's goal of significantly reducing under-age tobacco use.

Rural Housing Programs

We commend the Committee for including requested funds for single-family housing direct loans and for increasing funds above the House bill's level for the Rental Assistance Program (RAP). However, we ask the Senate to restore, to the extent possible, the \$52 million requested for RAP to convert expiring HUD Section 8 rental assistance in USDA-financed rental properties to RAP assistance. While Section 8 assistance is renewed annually, RAP generally provides five-year contracts for rental assistance. On

an annualized basis, RAP assistance costs less than Section 8 assistance, and over five years the conversion of these units in FY 1998 would save taxpayers \$46 million.

Rural Development Programs

The Administration strongly supports and commends the Committee action that would adopt the Administration's request to implement the Rural Community Advancement Program (RCAP), as authorized in the 1996 Farm Bill. This flexible delivery mechanism would allow States and localities to tailor rural development assistance more effectively to meet unique local conditions and needs. However, we urge the Senate to include funds for grants to States, as authorized, in order to give States and localities the opportunity to better tailor a portion of this assistance to their particular priorities.

Agricultural Research Programs

While we commend the Committee for including \$1.25 million of the \$2 million requested for important Everglades restoration research, the Committee bill does not appear to provide sufficient funding for a number of important agricultural research initiatives. Only \$8 million of the \$12 million requested is included for the Administration's Human Nutrition Research Initiative, a multi-year initiative to improve the understanding of the nutrition needs of diverse populations, notably children, but also including the elderly, pregnant women, and healthy adults. The Committee bill provides \$100 million for the National Research Initiative (NRI) competitive grants program, a \$6 million increase over FY 1997 but a \$30 million reduction from the President's request. In order to provide funding for these important activities, the Administration urges the Senate to reduce funds included for unrequested, earmarked research grants.

Food Safety Initiative

While we commend the Committee's action to fully fund the FDA portion of the request for the President's Food Safety Initiative that is within the Subcommittee's jurisdiction, only \$5 million of the \$9 million requested through the Department of Agriculture (USDA) has been funded. In May, the Administration announced a detailed plan to strengthen America's food safety through this initiative, including establishing a national early warning system for outbreaks of food-borne illnesses; improving meat, poultry, and seafood inspections; increasing research to develop new tests to detect food-borne pathogens and to assess risks in the food supply; and, establishing public-private partnerships to improve the public's understanding of safe food practices. We urge the Senate to fully fund this important initiative.

Food and Consumer Service Studies and Evaluations

The Administration appreciates the Committee action to provide the requested level for Food Stamp, Child Nutrition, and WIC program research. The challenge of ensuring the success of welfare reform has increased the importance of practical, applied, and timely research. The Committee's action would ensure that the Food and Consumer Service

research function maintains its close connection to all facets of program operation, and its core of highly-skilled professional career researchers with a well-recognized track record of conducting and managing effective, objective program evaluations.

Outreach for Socially Disadvantaged Farmers and Ranchers

The Committee bill would significantly limit USDA's initiative to improve efforts to ensure equal access for all clientele to training, technical assistance, and other agriculture-related services intended to assist low-income farm families in becoming successful producers. The Secretary of Agriculture has stated his commitment to improving the Department's outreach to and relations with its minority and socially disadvantaged clientele. The Committee has provided only \$2 million of the requested \$4 million increase for this important component of USDA's Civil Rights initiative. We urge the Senate to increase funds for this priority program to the extent possible.

Micromanagement

The Administration objects to the inappropriate micromanagement of Executive Branch authorities that the Committee bill would impose, which would impede the ability of the Department to operate effectively. The Committee bill would block facility closings of the Agricultural Research Service (ARS), which are needed in order to channel resources effectively to improve the overall impact and quality of ARS research. The bill also would limit funds for advisory committees, task forces, panels, and commissions to \$1 million, which is insufficient to support ongoing and new committees, including those required by the 1996 Farm Bill. We recommend that the limitation on expenditures for these purposes be lifted.

The Committee bill would also prohibit FDA from consolidating two laboratories: St. Louis and Baltimore. These consolidations are part of FDA's overall streamlining efforts and are consistent with FDA's goal to consolidate its field laboratory operations. The provision would force FDA to spend funds on infrastructure that could otherwise be used more directly to protect public health. The Administration urges the Senate to delete this provision.

Packer Concentration

The FY 1998 Budget proposes a \$1.6 million increase for monitoring and analyzing meat packer market competition and the implications of structural changes and behavioral practices in the meat-packing industry. We urge the Senate to increase funds to the maximum extent possible so that USDA can maintain continuous, systematic collection and analysis of data along with aggressive investigative activities to address these issues effectively.

Nutrition Education and Training

The FY 1998 Budget proposes \$10 million for the Nutrition Education and Training program. The Welfare Reform bill enacted last year replaced mandatory funding for this program with an authorization for discretionary appropriations. The Administration is disappointed that the Committee has not provided the requested funding for this valuable resource to the child nutrition programs. We urge the Senate to fund this important program to the maximum extent possible.

July 21, 1997
(Senate Floor)

S. 1034 -- DEPARTMENTS OF VETERANS AFFAIRS
AND HOUSING AND URBAN DEVELOPMENT,
AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on S. 1034, the Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We appreciate the Senate's efforts to fully fund many high priority requests. Regrettably, there are a number of specific provisions of the Bipartisan Budget Agreement that are not reflected in the Committee bill. As a result, the bill is unacceptable.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions below the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Senate toward achieving acceptable funding levels. We also note that in a number of accounts, funding levels exceed requests in the FY 1998 Budget. The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Corporation for National and Community Service

The Administration is deeply concerned about the \$146.5 million, or 27 percent, reduction to the President's request for the Corporation for National and Community Service. These funds support the President's America Reads Challenge, the national literacy campaign to ensure that every child can read well and independently by the third grade. This is one of the Administration's highest priorities. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "with the goals and the concepts of the President's America Reads program." Without the requested funding, the Corporation would not be able to finance 11,000 AmeriCorps tutor coordinators to help recruit, organize, and manage the America Reads army of a million volunteers to tutor over three million children. The Administration strongly urges the Senate to fully fund the Corporation at the requested level of \$549 million and to adopt the appropriation language included in the President's FY 1998 Budget.

Environmental Protection Agency

The Administration appreciates the Senate's continued efforts to keep the bill free from contentious legislative riders. However, the Administration believes that the Committee's overall \$669 million, or 8.8 percent, reduction to the President's request for the Environmental Protection Agency (EPA) would significantly limit key activities and fails to meet the funding levels contained in the Bipartisan Budget Agreement.

In particular, the Committee's reduction of \$213 million to the President's \$3.4 billion request for EPA's Operating Program is a violation of the Bipartisan Budget Agreement that could severely impair the Agency's ability to protect the environment adequately. In addition to the overall funding level, the Administration is concerned that the Committee has reduced funding for key Administration priorities while funding numerous unrequested and unauthorized projects. In particular, the Administration strongly opposes the 38 percent reduction to the President's requests for the Climate Change Action Plan. These voluntary programs represent the most cost-effective method of achieving reductions in greenhouse gases that are needed to fulfill U.S. treaty commitments. The Administration also urges the Senate to restore funding for the President's Kalamazoo Right to Know initiative, which will make more environmental data available to the public in 75 major cities; the Montreal protocol program, which works to prevent depletion of the ozone layer; finishing construction of the Research Triangle Park lab, which will replace several antiquated facilities; and, the innovative GLOBE program.

The Administration also strongly objects to the Committee's \$694 million, or 33 percent, reduction to the President's request for Superfund. It is especially troubling that the Committee has failed to fund this program at the level anticipated in the Bipartisan Budget Agreement. These funds are urgently needed to eliminate the backlog of Superfund cleanups and to double the pace of cleanups over the next four years. This will improve the quality of life for more than 27 million Americans, including over four million children, who live within four miles of a Superfund site. Congress should fully fund the President's request for Superfund, as anticipated by the Bipartisan Budget Agreement.

In addition, the Administration urges the Senate to restore the President's request of \$100 million for Boston Harbor to help improve water quality and reduce the number of beach closings. This funding would continue to fulfill a bipartisan Federal commitment to Boston Harbor. The Administration strongly opposes the Committee's \$4 million reduction to EPA's budget to fund the Chemical Safety and Hazard Investigation Board, and continues to support the EPA/OSHA Joint Accident Investigation Program to investigate chemical accidents and recommend action for their further prevention. Since it began, the EPA/OSHA program has successfully investigated numerous accidents; produced an independently reviewed accident report with more reports pending release; disseminated alerts to industry; and prompted OSHA to consider changing its process safety rule. Rather than creating a duplicative agency, the Administration supports the EPA/OSHA program, which combines and improves existing agency efforts, as the most effective strategy to prevent accidents.

Community Development Financial Institutions (CDFI) Fund

The Administration is very concerned about the Committee's decision not to fund the CDFI Fund. The Bipartisan Budget Agreement clearly indicates that funding for CDFI will be at the level projected in the FY 1998 Budget. The CDFI Fund has a demonstrated record of success. In the first round of the CDFI Program, the Fund awarded \$37.2 million in loans, equity investments, grants, and technical assistance to 31 CDFIs serving 46 States and the District of Columbia. These investments have already leveraged more than \$50 million in non-Federal matches and, over the long term, are estimated to leverage 10 to 20 times the amount awarded. Furthermore, under the Bank Enterprise Award Program, the CDFI Fund has awarded \$13.1 million to 38 banks and thrifts. These awards have encouraged \$126 million in support for CDFIs and direct lending and financial services in distressed neighborhoods. We strongly urge the Senate to fund CDFI at the requested level of \$125 million, as agreed upon in the Bipartisan Budget Agreement, and as funded by the House in H.R. 2158.

Council on Environmental Quality

The Administration urges the Senate to restore the reduction from the request for the Council on Environmental Quality (CEQ). The Committee's reduction would severely affect CEQ's ability to perform its statutory obligations under the National Environmental Policy Act (NEPA) and, consequently, would cripple its ongoing effort to reinvent NEPA, a project designed to improve decision-making and raise efficiency in the performance of NEPA reviews. The results of the NEPA reinvention will reduce costs, time delays, and paperwork to the benefit of the general public. We also urge the Senate to include requested bill language concerning the number of CEQ council members.

Department of Housing and Urban Development

The Administration notes that the overall level of funding provided by the Committee for the Department of Housing and Urban Development (HUD) is generally consistent with the Administration's request. However, the Committee has failed to fund a number of Presidential initiatives, including Brownfields Redevelopment, Empowerment Zones, Homeownership Zones, Bridges to Work, and housing certificates to help families make the transition from welfare to work. The Administration strongly urges the restoration of funds for these priorities by eliminating some of the unrequested funds for several HUD programs.

The Administration seeks restoration of new incremental housing assistance funding in the Housing Certificate Fund to aid additional low-income families. These funds would be allocated to collaboratives consisting of State welfare agencies and housing authorities. The Administration objects to the Committee's inclusion of a three-month delay in rescinding housing vouchers, which would reduce the number of families assisted.

The Administration objects to the reduction in resources for the Office of Federal Housing Enterprise Oversight (OFHEO). OFHEO provides crucial taxpayer protection through its financial supervision of Fannie Mae and Freddie Mac.

The Administration also seeks restoration of requested funding for HUD Salaries and Expenses. The proposed Committee reduction would not allow HUD to implement critical phases of its management reform and restructuring plan.

Department of Veterans Affairs

The Administration appreciates the Senate's responsiveness to several of the President's key initiatives. We are pleased that the Administration's user fee proposal has been included in the bill. The Administration also appreciates the continued support the Senate has shown for the Veterans Equitable Resource Allocation (VERA).

The Administration urges the Senate to grant authority and provide related funding for the Veterans Benefits Administration to reimburse the Veterans Health Administration for medical examinations conducted in support of veterans' disability compensation claims. We believe that the establishment of a customer and service provider relationship between the two bureaus will result in higher quality medical exams. Improved medical exams are expected to translate into improved timeliness of claims processing, fewer appeals and remands, and better service to veterans.

Federal Emergency Management Agency

We are concerned that the Committee has chosen not to fund the Administration's proposal for a new pre-disaster mitigation program. Pre-disaster mitigation is important in reducing disaster damage, saving disaster relief expenditures, and preventing loss of life. We urge the Senate to provide funding for this important program, to the extent possible.

National Aeronautics and Space Administration (NASA)

We appreciate the Committee's efforts to fully fund the President's request for NASA. The Administration suggests that language concerning the \$150 million in transfer authority provided by H.R. 2158 for the International Space Station be incorporated in the Senate bill. The Administration will oversee the implementation of this transfer authority to ensure that it will not have adverse effects on other priority NASA programs. The Administration supports funding for Russian Program Assurance, which can be accommodated within the President's requested level for NASA.

Office of Consumer Affairs

The Administration opposes the Committee's proposed termination of the Office of Consumer Affairs (OCA). This agency represents consumer needs and viewpoints across the Federal Government by coordinating Federal consumer policy and providing

information to consumers through a help-line and educational materials. The Administration requests that the Senate restore funding for OCA and, as requested in the FY 1998 Budget, restore OCA's authority to accept and expend donated funds.

21 million in mandatory welfare research funds, for a total of \$39 million. In order to gauge the effects of welfare reform, research is needed now more than ever. The Administration urges the Senate to drop the rescission and to fund welfare research at the President's requested level. To ensure that welfare reform is successfully implemented across the nation, it is vital that we understand what has been successful and what has not been successful in the various states.

The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, it would oppose a potential amendment on the Senate floor requiring parental consent for minors to receive reproductive health services in Title X Family Planning clinics. Mandating parental consent could discourage sexually active minors from seeking health care and reproductive counseling services and thus lead to more unwarranted pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services (TES), including Job Corps. The Committee mark provides the Administration's request for low-income youth training programs, dislocated workers, and the Job Corps. However, in order to be consistent with the Agreement, we urge the Senate to provide an additional \$285 million to fully fund the request for TES programs in FY 1998. The Committee has provided \$250 million in FY 1999 for the Youth Opportunity Area proposal, subject to enactment of authorizing legislation by April 1, 1998. This program is an essential component of the Administration's Empowerment Zones/Enterprise Communities initiative. It may be carried out under existing legislation, and a separate authorization is not necessary. The Senate is urged to provide resources for this initiative in FY 1998, without the restriction provided by the Committee.

The Administration appreciates the Committee's allocation of \$150 million to help finance the year 2000 conversion of State Unemployment Insurance (UI) systems. However, that amount is \$50 million below the level needed to ensure that the year 2000 costs are met. In addition, the Committee has failed to provide \$89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Balanced Budget Act of 1997, and would, over five years, achieve \$763 million in mandatory savings assumed in the Act. The Senate is urged to provide this increase and the increase for year 2000 conversion costs.

On July 17, 1997, the President sent to Congress a budget amendment for \$6.2 million for the Labor Department to administer the \$3 billion Welfare-to-Work program. This program is included in the Balanced Budget Act of 1997, effective October 1, 1997. We urge the Senate to add these funds to this appropriation bill so that the administrative resources needed to move long-term welfare recipients off welfare and into lasting, unsubsidized employment are available on a timely basis.

The Committee has provided \$990 million, an increase of \$41 million over the FY 1997 enacted level, for the Department of Labor workplace protection programs, about 60 percent of the proposed increase. Without the requested increases, the Department would not be able to carry out a balanced program of targeted enforcement, with expanded partnerships and compliance assistance in the regulated community. Nor would the Department be able to streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. In addition, the Senate is urged to provide the requested level for the Bureau of Labor Statistics to ensure the continued accuracy and reliability of all of the Bureau's statistical programs. Funding for the independent National Labor Relations Board has been frozen, a cut of \$11 million below the request. The Administration urges the Senate to enact the Administration's request for these programs.

Social Security Administration

The Committee has provided \$245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, \$45 million less than the President's request. The Balanced Budget Act of 1997 contains a provision that would provide authority for a \$290 million upward cap adjustment (\$45 million more than current law) to the non-defense discretionary spending caps for funding provided by the Committee for additional CDRs. This is consistent with the President's request. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the Senate to provide the additional \$45 million.

The Committee has reduced funding for the Office of the Inspector General (IG) by \$7 million from the President's request of \$44 million and for research and demonstration projects by \$9.7 million from the President's request of \$16.7 million. The reduction to the IG request would hamper the IG's ability to perform audits and investigations needed to prevent fraud, waste, and abuse and to assure program integrity. The reduction in research and demonstration funding would reduce SSA's ability to understand the reasons for growth in the disability programs and implement initiatives intended to improve SSA's record in returning disabled beneficiaries to work. The Administration urges the Senate to restore funding to the maximum extent possible in these two key areas.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

September 8, 1997
(Senate)

S. 1139 Small Business Reauthorization Act of 1997
(Bond (R) Missouri)

The Administration strongly supports reauthorization of the programs of the Small Business Administration and supports Senate passage of S. 1139, with the changes described below. The bill reauthorizes small business loan programs which assist tens of thousands of small businesses each year and contribute to the overall vitality of our economy. The Administration also supports the increase in the government-wide small business participation goal in federal contracting from 20 to 23 percent, following a phase-in period and in conjunction with the elimination of the Small Business Competitiveness Demonstration Program.

However, the Administration strongly opposes the bill's changes to current law on "contract bundling," as well as extension of the Small Business Competitiveness Demonstration Program and creation of the "HUB Zone" program. The Administration will seek amendments to address these and other concerns as addressed below.

Contract Bundling. The Administration is committed to maintaining a strong role for small businesses in Federal contracting, but is concerned that the proposed changes to the current law contract bundling provisions could deny taxpayers the cost savings and improved quality achievable by appropriate consolidation of Federal contract requirements. Therefore, the Administration urges the Senate to maintain current law, which provides sufficient authority and flexibility for the Administration to protect the important interests of small businesses.

Small Business Competitiveness Demonstration Program. The Administration strongly opposes any extension of the Small Business Competitiveness Demonstration Program. Small businesses will substantially benefit from discontinuing this program and lifting the unnecessary paperwork and reporting burdens it imposes. Moreover, the Administration believes that if this demonstration program is not allowed to terminate as scheduled, S. 1139's small business participation goal will be extremely difficult to achieve.

HUBZones. The Administration strongly supports new efforts to promote economic development in the Nation's distressed urban and rural communities. The bill's HUB Zones provision, however, could weaken one of the strongest tools for achieving this objective by according the proposed program a contracting priority equal to that of the 8(a) program.

The Administration has already proposed regulations and is ready to begin pilots for the Empowerment Contracting Program (ECP), a new contracting program targeted at distressed communities. The Administration believes that these tests should be permitted to proceed, and that they will demonstrate the ECP's ability to accomplish the goals of the HUB Zones provisions at less expense and without affecting the 8(a) program.

Other Administration Concerns

The Administration will also seek amendments to:

Remove proposed restrictions on the SBA's ability to use Women's Business Center funding to finance the costs of administering the program. Removal of these restrictions is important to ensuring the effective execution of this program.

Maintain the ability of Small Business Development Centers (SBDCs) to charge appropriate fees for counseling services provided under the program.

Authorize sufficient microloan technical assistance funding to support the projected growth in this program.

Reauthorize the Small Business Technology Transfer (STTR) Program for three years, rather than six. The three-year authorization proposed by the Administration is consistent with the authorization period for the companion Small Business Innovation Research (SBIR) Program, and provides a reasonable period for both achieving and evaluating program results.

Delete the proposed pilot program targeting technical assistance to certain States. This provision would divert scarce resources needed to administer the STTR and SBIR programs.

Pay-As-You-Go Scoring

S. 1139 would increase direct spending; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may differ from these estimates.

September 18, 1997
(Senate Floor)

S. 1156 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Faircloth (R), North Carolina)

This Statement of Administration Policy provides the Administration's views on S. 1156, the District of Columbia Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee.

The Administration commends the Committee for developing a bill that provides sufficient funding to implement the National Capital Revitalization and Self-Government Improvement Act of 1997 successfully. The Senate is urged to approve a bill that is free of extraneous provisions.

The Administration strongly supports charter schools which provide parents and students more choice within the public education system. However, the Administration understands that an amendment may be offered that would provide for the use of school vouchers in the District. The Administration would strongly oppose any legislation allowing the use of Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools, and would draw attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public. If such an amendment were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

The Administration strongly opposes the abortion language of the Committee bill, which would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations of rape or incest. The Administration continues to view this prohibition on the use of local funds as an unwarranted intrusion into the affairs of the District and would support an amendment, if offered, to strike this prohibition.

The Administration understands that an amendment may be offered that would limit the use of a portion of the D.C. prison construction funds for housing inmates in private contract facilities. The Administration strongly opposes such a restriction on the use of these funds as it would hinder the Bureau of Prisons' ability to house serious violent offenders in a timely and cost effective manner. The amendment is not needed since the Revitalization Act already requires that fifty percent of D.C. inmates be housed in private contract facilities.

The Administration urges the Senate to consider an amendment that would make funds collected by the D.C. Courts available to the Courts for necessary expenses, including the funding of pension costs.

November 6, 1997
(Senate)

S. 1158 - Huna Totem Corporation Land Exchange Act.
(Sen. Murkowski (R) AK)

The Administration strongly opposes the enactment of S. 1158 on several grounds. Because the bill would set an unacceptable precedent by reopening native entitlements under the Alaska Native Claims Settlement Act (ANCSA), the Secretaries of Agriculture and the Interior would recommend that the President veto the bill.

ANCSA granted over 200 village corporations the right to select public lands in Alaska for a variety of uses. Each corporation was required to select the public lands within the township in which it was located. ANCSA was a final settlement and, as such, represented many trade-offs and compromises by all parties.

If S. 1158 were enacted, all of Alaska's other village corporations could argue that they too were entitled to exchange land selected under ANCSA for more valuable Federal land. This precedent would threaten to unravel ANCSA's historic settlement through piece-meal amendments. In turn, Federal land management throughout Alaska would be severely disrupted with significant costs and consequences for all taxpayers.

Beyond the question of precedent, the land exchanges proposed in S. 1158 would not be in the public interest. The primary reason the U.S. Forest Service pursues land exchanges is to provide more efficient land management through consolidation of existing Federal ownership and to dispose of isolated parcels that are uneconomical to manage. S. 1158 is in direct conflict with these goals.

The bill is based on the premise that because some of the land that the Huna Totem Corporation received within the township under ANCSA is not subject to development, the United States should provide the Corporation with replacement land elsewhere. ANCSA, however, contemplated that villages would obtain all land within the "core" township regardless of its development potential.

Pay-As-You-Go Scoring

S. 1158 is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration estimates that S. 1158 would result in Federal revenue losses of up to \$500,000 per year, beginning in 1998. The Balanced Budget Act of 1997 reduced the PAYGO balances to zero, and consequently, any bill that would increase mandatory spending or result in a revenue loss would contribute to a sequester of mandatory programs as called for in the Budget Enforcement Act. In the case of S. 1158, the Administration opposes the bill, and notes that it does not contain provisions to offset the net deficit increases. As a result, if the bill were enacted without further action to provide offsets, any deficit effects could contribute to a sequester of mandatory spending.

November 6, 1997
(Senate)

S. 1159 -Kake Tribal Corporation Land Exchange Act
(Sen. Murkowski (R) AK)

The Administration strongly opposes the enactment of S. 1159 on several grounds. Because the bill would set an unacceptable precedent by reopening native entitlements under the Alaska Native Claims Settlement Act (ANCSA), the Secretaries of Agriculture and the Interior would recommend that the President veto the bill.

ANCSA granted over 200 village corporations the right to select public lands in Alaska for a variety of uses. Each corporation was required to select the public lands within the township in which it was located. ANCSA was a final settlement and, as such, represented many trade-offs and compromises by all parties.

If S. 1159 were enacted all of Alaska's village corporations could argue that they too were entitled to exchange land selected under ANCSA for more valuable Federal land. This precedent would threaten to unravel ANCSA's historic settlement through piecemeal amendments. In turn, Federal land management throughout Alaska would be severely disrupted with significant costs and consequences for all taxpayers.

Beyond the question of precedent, the land exchanges proposed in S. 1159 would not be in the public interest. The primary reason the U.S. Forest Service pursues land exchanges is to provide more efficient land management through consolidation of existing Federal ownership and to dispose of isolated parcels that are uneconomical to manage. S. 1159 is in direct conflict with these goals.

The bill is based on the premise that because some of the land that the Kake Tribal Corporation received within the township under ANCSA is municipal watershed land not subject to development, the United States should provide the Corporation with replacement land elsewhere. ANCSA, however, contemplated that villages would obtain all land within the "core" township regardless of its development potential.

Finally, the Federal Government should not administer municipal watershed lands in Alaska, as would be required by S. 1159. Rather, such lands should be managed by those communities which derive benefit from the land. Federal ownership of municipal watersheds is inconsistent with the ownership patterns envisioned by ANCSA, whereby native corporations had to select lands within their core townships.

Pay-As-You-Go Scoring

S. 1159 is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration estimates that S. 1159 would result in Federal revenue losses of up to \$500,000 per year, beginning in 1998. The Balanced Budget Act of 1997 reduced the PAYGO balances to zero, and consequently, any bill that would increase mandatory spending or result in a revenue loss would contribute to a

sequester of mandatory programs as called for in the Budget Enforcement Act. In the case of S. 1159, the Administration opposes the bill, and notes that it does not contain provisions to offset the net deficit increases. As a result, if the bill were enacted without further action to provide offsets, any deficit effects could contribute to a sequester of mandatory spending.

October 8, 1997
(Senate)

S. 1173 Intermodal Surface Transportation Efficiency Act of 1997
(Warner (R) Virginia and 17 cosponsors)

Reauthorizing the Nation's surface transportation programs is the Administration's top transportation priority for this session of Congress. The Administration is pleased that S. 1173 is a 6-year bill, and that it addresses many of the President's priorities as reflected in the Administration's proposal. For example, the bill includes important environmental protection, welfare-to-work, and worker protection provisions; and expands the uses of the highway and mass transit capital funds. In addition, the Administration supports many of the safety provisions under consideration by the Commerce Committee.

The Bipartisan Budget Agreement. The Bipartisan Budget Agreement (BBA) between the President and the Congress increased highway spending by \$10 billion. While the Senate reported bill is more consistent with the BBA than the 6-year bill considered by the House Transportation and Infrastructure Committee, S. 1173 still exceeds the total transportation spending levels assumed in the BBA -- including an additional \$2 billion in mandatory outlays. However, the Administration understands that it is the managers' intent to modify the bill so that it remains within the bounds of the carefully crafted BBA. The Administration supports this goal and urges the Senate to craft a bill that is fully consistent with the BBA. The Administration would strongly oppose amendments to the bill which would further increase funding levels above those agreed upon in the BBA.

Amendment Concerns. The Administration commends the Senate for retaining ISTEA's disadvantaged business enterprise goals and uniform certification provision for highway projects, and strongly opposes any amendments to repeal or weaken these provisions. In addition, the Administration would oppose any amendments to weaken: the National Environmental Policy Act, the Congestion Mitigation and Air Quality Improvement Program (including allowing single occupancy vehicle projects to receive funding under the Program), or the Clean Air Act. The Administration is also committed to retaining ISTEA's labor standards and employee protection requirements afforded working people on federally assisted projects (including those assisted by State infrastructure banks), and would oppose any amendments repealing or limiting these protections. The Administration would also oppose changing the transit formula by adopting any form of minimum allocation for transit.

Major Concerns. The Administration supports Senate passage of a 6-year transportation bill, but will seek amendments to S. 1173 to address the concerns described below and the additional concerns discussed in the attachment.

The bill should be modified to be fully consistent with the Bipartisan Budget Agreement.

The bill's safety provisions should be strengthened by -- retaining the unbelted crash testing requirement; penalizing repeat drunk driving offenders at the same blood alcohol level as first offenders; including the Administration's criteria in the seat belt incentive

program for States to increase seat belt use rates; and eliminating the special exemption from the Federal seat belt use law for New Hampshire.

S. 1173 should be amended to authorize the full \$2.2 billion requested by the Administration for the Appalachian Development Highway System, and the full \$161 million requested for National Park roads and parkways. The funding levels currently authorized in the bill are inadequate to support these important programs.

The bill should provide additional flexibility to State and local governments in establishing hiring preferences for in-State welfare recipients, in order to meet the aggressive targets included in the recent welfare reform law.

Finally, the Administration supports the use of alternate fuels to improve our nation's air quality, and therefore strongly supports the extension of the excise tax exemption for ethanol (but without phasing down the rates of the benefits).

Pay-As-You-Go Scoring. S. 1173 as reported would increase direct spending; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. Therefore, if the bill were enacted and these costs are not offset during the remainder of this Congressional session, a pay-as-you-go sequester would be triggered at the end of the session. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may differ from these estimates.

September 29, 1997
(House)

S. 1198 - Religious Workers Act of 1997
(Abraham (R) Michigan and 7 cosponsors)

The Administration supports House passage of S. 1198 as proposed to be amended by the House. The House amendment would: (1) extend authority for the admission of non-ordained religious workers; (2) provide for the waiver or reduction of non-immigrant visa fees for certain persons entering the United States to perform charitable services; and (3) modify the effective date for certain paperwork changes in the employer sanctions program.

Section 1 extends, through September 30, 2000, the authority to admit certain non-ordained religious workers as special immigrants. The Administration strongly prefers a permanent extension of this program as passed by the Senate; however, given the compelling need to extend this program, the Administration does not oppose the three-year extension provided in the House amendment to S. 1198.

Section 2 requires the Secretary of State to establish criteria by which to waive or reduce non-immigrant visa fees for certain persons entering the United States to perform charitable services. Although the non-discretionary nature of this provision could prove burdensome to the Department of State, the Administration does not oppose this provision, which promotes charitable work in the United States.

Section 3 extends by six months the effective date for paperwork changes in the employer sanctions program. This provision will affect every business in the United States that hires workers. The Administration transmitted legislation to Congress earlier this year to extend this effective date for 12 months in order to allow for a more deliberate regulatory process and adequate time to educate the employer community. Although the Administration continues to support a 12-month extension, the Administration supports the six-month extension provided in the House version of S. 1198.

October 30, 1997
(Senate)

S. 1292 -- A Bill Disapproving the Cancellations Transmitted by the President on October 6, 1997 regarding the FY 1998 Military Construction Appropriations Act
(Sponsor: Stevens (R), Alaska)

This Statement of Administration Policy provides the Administration's views on S. 1292, a bill Disapproving the Cancellations Transmitted by the President on October 6, 1997. S. 1292 would disapprove 34 of the 38 projects that the President canceled from the FY 1998 Military Construction Appropriations Act. The Administration strongly opposes this disapproval bill. If the resolution were presented to the President in its current form, the President would veto the bill.

The President carefully reviewed the 145 projects that Congress funded that were not included in the FY 1998 Budget. The President used his authority responsibly to cancel projects that were not requested in the budget, that would not substantially improve the quality of life of military service members and their families, and that would not begin construction in 1998 because the Defense Department reported that no architectural and engineering design work had been done. The President's action saves \$287 million in budget authority in 1998.

While we strongly oppose S. 1292, we are committed to working with Congress to restore funding for those projects that were canceled as a result of the data provided by the Department of Defense that was out of date.

March 4, 1997
(Senate)

S.J.Res. 5 - Waiver for USTR Appointment
(Roth (R) DE and Moynihan (D) NY)

The Administration strongly supports the enactment of S.J.Res. 5, which would authorize the appointment of Charlene Barshefsky as the United States Trade Representative. When the Senate considers S.J.Res. 5, Senator Hollings' amendment relating to the President's long-standing authority to carry out trade agreements may also be considered. The Administration strongly opposes the Hollings amendment, which would effect a major change in trade agreement implementing procedures with immediate and harmful effects on U.S. consumers, firms, and workers. The Hollings amendment would hinder, delay, and, in some cases, jeopardize agreements that greatly serve the Nation's interests.

Harmful Effects of the Hollings Amendment

The Hollings amendment could require congressional approval of every trade agreement that might be construed to require a change in U.S. law. The amendment is unnecessary to assure that the Executive Branch is conforming to congressional mandates on trade negotiations, is overly burdensome for both the President and the Congress, and could endanger the benefits to the United States of some trade agreements.

The overwhelming majority of trade agreements that the President concludes can be -- and traditionally have been -- implemented under existing statutes. If the authority to implement an agreement does not already exist, then the President must seek that authority. If the President were to implement an agreement in a manner that is not authorized by law, the courts can strike down such actions. If the Congress disagrees with a trade agreement, it can pass legislation directing the President to implement the agreement in a particular way or to refrain entirely from implementing that agreement. If a trade agreement requires a change in statutory law, Congress alone has the authority to make such a change. The Hollings amendment is unnecessary to clarify this point.

However, the Hollings amendment goes much further, and the absence of hearings has precluded a full opportunity to determine precisely what the implications of the amendment are. By requiring Congressional action whenever a trade agreement would "in effect" change U.S. law, the Hollings amendment could impose long delays on implementing trade agreements that would otherwise bring immediate benefits to U.S. consumers, firms, and workers. Moreover, the vague term "in effect" would cause great uncertainty, since the amendment leaves undefined who determines when an agreement "in effect" requires a change in law and what implications arise for implementing changes in regulation or administrative practice called for in trade agreements.

The burdensome character of the amendment becomes clear when one considers that the Administration concluded approximately 200 trade agreements in the last four years. Under the Hollings amendment, any such agreement that occasioned any change in law,

including technical and typically non-controversial changes to our tariff schedule, would have to be approved by the Congress.

The prospect of nearly continuous consideration of trade agreements by the Congress also raises the possibility of delaying the entry into force of agreements beneficial to the United States. For example, the Hollings amendment could greatly delay -- and perhaps jeopardize -- recent agreements that:

eliminate tariffs on 400 pharmaceutical products shipped to key markets around the world (these tariff cuts had been widely sought by our medical community because of their potential to quickly lower the costs of producing anti-AIDS drugs and other life-saving pharmaceuticals);

cut \$5 billion in global tariffs on semiconductors, computers, telecommunications equipment, software, and other information equipment (these are tariff cuts that directly benefit high-technology products made by some of our most highly competitive industries, and that support 1.5 million manufacturing jobs and 1.8 million related services jobs); and

open the global market for basic telecommunication services, providing enormous benefits to our dynamic U.S. telecommunications industry.

If the Hollings amendment were applied to these agreements, they would have to be submitted to Congress for review and approval. Yet each of these agreements was negotiated under congressional authorization and in close consultation with Congress, and each enjoys overwhelming industry support.

April 28, 1998
(House)

H.R. 6 -Higher Education Amendments of 1998
(Rep. McKeon (R) CA and 3 others)

The Administration is strongly committed to working with Congress to reauthorize the Higher Education Act (HEA) this year. The Administration has serious concerns with several provisions that are in the bill or likely to be added, but is encouraged that H.R. 6, as reported by the House Committee on Education and the Workforce, reflects many of the Administration's proposals, particularly the authorization for the High Hopes for College initiative.

Unfortunately, there are a number of highly problematic provisions in the reported bill, such as the repeal of funding for the National Board for Professional Teaching Standards, a change to the student loan interest rate structure that provides excessive profits to lenders and requires unnecessary new spending, and significantly increased payments to guaranty agencies and insufficient funding for the Department of Education to manage effectively all of the student aid programs. Further, the Administration understands that provisions may be added to the bill that are also strongly objectionable, such as an amendment to incorporate the text of H.R. 3330, the so-called Anti-Discrimination in College Admissions Act of 1998. Overall, if such provisions are in the bill as presented to the President, particularly in light of other concerns raised in this Statement of Administration Policy, the President's senior advisers would recommend that he **veto** H.R. 6.

National Board for Professional Teaching Standards. The National Board recognizes and rewards excellent teachers who thereby become an observable standard of excellence to which other teachers can aspire. Upgrading the teaching corps and raising teaching standards in this way is a key element necessary for long-term improvement in student achievement.

Student Loan Interest Rates. The Administration cannot accept the bill's provisions that would provide lenders with excessive profits and require taxpayers to finance those profits through an additional \$2.7 billion subsidy to lenders over five years. Most of the additional \$2.7 billion of spending is not offset in the bill and therefore would trigger a possible sequester of several entitlement programs specified in law. Statutorily set lender subsidies are not necessary to ensure access to Federal Family Education Loans (FFEL), and they ignore promising market-based solutions, such as an auction mechanism, for addressing concerns expressed by the lender community. A policy that moves toward an auction mechanism should be part of the interest rate structure.

A budget sequester would raise student loan origination fees -- which are already too high -- and reduce Federal mandatory spending across-the-board. Vital programs such as vocational rehabilitation, foster care and adoption assistance, and Medicare should not have to bear the cost of lender subsidies.

H.R. 3330. The Administration strongly opposes H.R. 3330, which may be offered as an amendment during House consideration of H.R. 6. The Administration strongly supports properly constructed affirmative action to achieve the compelling interest of eradicating the effects of discrimination or promoting the educational benefits of diversity. For Congress to deny Federal funds to institutions that promote such efforts would unduly constrain their ability to meet their constitutional obligations and would be an unwarranted Federal intrusion into the freedom of public and private institutions to establish their own admissions policies.

Section 458 Funding Reductions. The Administration strongly opposes provisions in H.R. 6 that would reduce administrative funds available to the Department of Education under section 458 of the HEA by more than \$220 million during fiscal years 1999 to 2003, while increasing administrative payments to guaranty agencies by roughly \$350 million during that period. These provisions directly threaten the Department's ability to manage the over \$50 billion annual Federal investment in student financial aid by taking away the funds necessary to carry out vital activities, such as student aid application processing, student loan default collection, and urgently needed modernization of student aid delivery systems.

In addition, there are other significant provisions in H.R. 6 that the Administration will seek to improve during further congressional consideration. Among these issues are the following.

H.R. 6 fails to make adequate performance-based reforms to encourage and reward efficient service delivery by guaranty agencies, and it would include new and excessive sources of revenue for guaranty agencies. The Administration is also very concerned that the Department of Education's authority to advance funds to guaranty agencies for lender-of-last-resort loans would be eliminated. This would impair the Department's ability to work with guaranty agencies to ensure students' access to guaranteed loans under a program that is efficient and cost-effective for the FFEL program and the taxpayer. The Administration hopes to work with the Congress to fashion an acceptable compromise that provides much-needed guaranty agency reform.

The Administration is also very disappointed that H.R. 6 does not lower origination fees for students. The Administration proposed to lower the fees by one percentage point for all borrowers and to phase them out entirely for borrowers of subsidized loans, and offered the necessary offsets to finance these fee reductions.

The bill does not include changes necessary to implement the President's proposal to allow individuals with unsubsidized student loans to serve their communities for up to three years without accruing interest on these loans. Under current law, individuals with subsidized loans do not accrue interest while receiving a deferment and performing community service, but those with unsubsidized loans continue to accrue interest. This proposal is part of the President's call to action to encourage all Americans to serve their communities.

H.R. 6 also fails to exclude from taxation any loan balances that are forgiven after the maximum number of years of income-contingent repayment. Income-based repayment ensures that borrowers who remain low-income relative to their debt do not have to carry that burden for more than 25 years. Saddling them with an additional tax liability is neither appropriate nor was it ever intended.

The Administration appreciates the bill's strong support for postsecondary education programs, but notes that certain proposed authorization levels are not realistic in the current budget environment.

The Administration shares the goal of adopting a performance-based organization (PBO) for the administration of the student aid programs, but is concerned that H.R. 6 fails to incorporate fundamental components of the Administration's model legislation for PBOs. That model was carefully crafted to provide more personnel management and procurement flexibility than H.R. 6 provides, while ensuring accountability for the exercise of that flexibility.

The Administration opposes Title X of H.R. 6 as reported out by the Committee because these changes to the Age Discrimination in Employment Act go too far in allowing arbitrary, differential treatment on the basis of age. However, the Administration understands that the managers will be proposing new language which should address these concerns. If those changes are made, the Administration would have no objection to the provision.

The Administration looks forward to working with Congress to resolve these and other issues, such as those articulated in more detailed letters from concerned departments, as Congress works to reauthorize the Higher Education Act.

Pay-As-You-Go Scoring

H.R. 6 would increase direct spending; therefore, is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The bill does not contain provisions to fully offset this increase in outlays. Therefore, if the bill were enacted, its deficit effects could contribute to a sequester of mandatory programs. OMB's preliminary scoring of this bill is that it would increase outlays by \$2,061 million during FYs 1998-2003:

March 31, 1998
(House)

H.R. 10 - Financial Services Act of 1998_
(Leach (R) IA and 3 cosponsors)

The Administration strongly opposes H.R. 10.

The Financial Modernization provisions of H.R. 10 would: (1) stifle innovation and efficiency in the national banking system; (2) undermine the Community Reinvestment Act by forcing financial innovation to occur in holding company affiliates rather than in bank subsidiaries; (3) diminish the ability of communities and consumers to benefit from the financial system; (4) eliminate advantageous features of the current thrift charter; and (5) impose needless costs on small banks. If H.R. 10 were presented to the President in the form of the Republican Leadership substitute, the Secretary of the Treasury would recommend that it be **vetoed**. The Administration, however, would support House passage of the credit union provisions of H.R. 1151 that have been included in H.R. 10 (excluding Section 402) on a stand-alone basis. The Administration would look forward to working with the Senate to improve the provisions of H.R. 1151. The Administration favors expeditious Congressional action on credit union legislation and believes such action should not be linked to controversies over financial modernization.

With the inclusion of H.R. 1151, H.R. 10 would also provide for interest to be paid on reserves at Federal Reserve banks (section 402 of H.R. 1151 as reported). OMB estimates that these provisions would have an estimated pay-as-you-go cost of \$800 million over five years, by reducing the annual net income of the Federal Reserve, which is paid to the Treasury. This represents a transfer of resources from the taxpayers to the banking industry which cannot be justified. The Administration understands that an additional provision has been added to H.R. 10 which would require the Federal Reserve to transfer retained earnings to the Treasury in an amount sufficient to offset the pay-as-you-go effect of this provision of H.R. 1151. The Administration notes that the Senate-reported budget resolution repeats language in prior budget resolutions prohibiting the scoring of savings from the transfer of Federal Reserve retained earnings to the Treasury.

Pay-As-You-Go-Scoring

H.R. 10 is subject to the "pay-as-you-go" (PAYGO) requirements of the Omnibus Budget Reconciliation Act of 1990. The Administration's PAYGO estimate for this bill is under development. As noted above, the provisions of H.R. 1151 would increase the deficit for pay-as-you-go purposes by an estimated \$800 million over five years. Unless its budget effects are offset, enactment of H.R. 10 could contribute to a sequester of mandatory programs.

____ The Administration understands that the proposed rule for floor consideration of H.R. 10 provides for the text of H.R. 1151, the "Credit Union Membership Access Act", to be inserted into H.R. 10.

April 21, 1998
(House Rules)

H.R. 512 - New Wildlife Refuge Authorization Act
(Young (R) AK and Pombo (R) CA)

The Administration strongly opposes H.R. 512, which would prohibit the use of funding from the Land and Water Conservation Fund to establish new refuges unless Congress passes a specific law authorizing the creation of the refuge. If H.R. 512 were to be presented to the President in its current form, the Secretary of the Interior would recommend that the President **veto** the bill.

Congress currently approves, through annual appropriations, all acquisitions financed by the Fund. H.R. 512 would add an additional layer of congressional approval, thereby making it more difficult to acquire much needed refuge lands in a timely manner.

March 11, 1998
(House)

H.R. 992 - Tucker Act Shuffle Relief Act of 1997
(Rep. Smith (R) TX and 51 others)

The Administration is fully committed to the protection of private property, including the payment of just compensation under the Fifth Amendment when private property is taken for public use. The Administration is also committed to streamlining and expediting federal court litigation. However, H.R. 992 presents constitutional concerns, would waste valuable judicial resources, and would lead to significant instability in the law. The Attorney General, the Secretary of the Interior, the Administrator of the Environmental Protection Agency, and the Chair of the Council on Environmental Quality would recommend that the President **veto** H.R. 992, as reported by the House Judiciary Committee.

H.R. 992 would raise serious constitutional concerns by empowering the U.S. Court of Federal Claims (CFC), a non-Article III tribunal, to grant injunctive relief in a broad range of suits challenging federal agency action. The bill would give judges extensive authority to issue injunctions that would bind executive branch officials, authority normally reserved to judges who serve on Article III courts.

H.R. 992 would provide that, by making a takings claim, a litigant can ensure that the trial court's entire decision will be reviewed by the Court of Appeals for the Federal Circuit. This could promote forum-shopping and dramatically increase the power of the Federal Circuit at the expense of other circuits.

H.R. 992 also could override the "preclusive review" provisions found in many federal statutes, including environmental laws. These provisions allow for the swift and orderly resolution of challenges to federal actions by providing specific courts with jurisdiction to review these challenges. By overriding these provisions, H.R. 992 would deprive affected businesses and the public of the certainty needed to plan actions.

By repealing 28 U.S.C. Section 1500 -- which prevents the United States from being sued on the same claim in two different courts at the same time -- H.R. 992 would allow claimants to manipulate federal court jurisdiction and waste scarce judicial resources. Instead, the Administration would support a proposal to allow property owners to consolidate their takings claims and other claims in Federal District Courts, where appropriate.

The Administration understands that Representative Watt and Representative Rothman will be offering an amendment that addresses the Administration's constitutional and other concerns. The Administration would support the Watt/Rothman amendment.

April 22, 1998
(House Rules)

H.R. 1252 - Judicial Reform Act of 1998
(Hyde (R) Illinois and 8 cosponsors)

The Administration strongly opposes House passage of H.R. 1252 and, if presented to the President in its current form, the Attorney General would recommend that he **veto** the bill for the reasons described below.

H.R. 1252 would give parties in civil cases the right to remove the judge to whom the case is originally assigned without reason and have it reassigned to another judge. Such a procedure threatens to undermine the independence of the Federal Judiciary that Article III of the Constitution was intended to secure, as well as undermine the public's confidence in life-tenured and constitutionally appointed Federal judges as impartial adjudicators. Litigants assuredly will engage in judge and forum shopping -- sometimes with improper motives. Additionally, these peremptory challenges would add further delay to the civil litigation system and erode the rule of law. (Section 6)

In addition, H.R. 1252 purports to restrict the remedial powers of Article III Federal courts to enforce constitutional rights. Under current law, Federal district courts may compel State and local governments to levy taxes in excess of their State law taxing powers when such a remedy would be required to enforce a Federal constitutional right. In addition, Federal courts have long been held to possess the equitable authority to compel State and local governments to exercise their existing taxing authority even when the Constitution would not require imposition of such a remedy. The bill's proposed restrictions would curtail the equitable discretion of Federal district courts, as well as deprive them of the power to provide a remedy for certain constitutional violations. The latter deprivation of power raises constitutional concerns and would be subject to reasonable constitutional challenge. (Section 5)

Finally, the bill would require the use of a three-judge panel for certain injunctions and declaratory actions. This provision would adversely affect the operation of several preemptive Federal statutes in situations where a State has passed a referendum that is contrary to Federal law. This provision is objectionable because it would provide unprecedented direct and immediate access to the Supreme Court, even when the three-judge court denies injunctive relief. (Section 2)

April 23, 1998
(House)

H.R. 1252 - Judicial Reform Act of 1998
(Hyde (R) Illinois and 8 cosponsors)

The Administration strongly opposes House passage of H.R. 1252 and, if presented to the President in its current form, the Attorney General would recommend that he **veto** the bill for the reasons described below.

H.R. 1252 would give parties in civil cases the right to remove the judge to whom the case is originally assigned without reason and have it reassigned to another judge. Such a procedure threatens to undermine the independence of the Federal Judiciary that Article III of the Constitution was intended to secure, as well as undermine the public's confidence in life-tenured and constitutionally appointed Federal judges as impartial adjudicators. Litigants assuredly will engage in judge and forum shopping -- sometimes with improper motives. Additionally, these preemptory challenges would add further delay to the civil litigation system and erode the rule of law. (Section 6)

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March 17, 1998
(House)

H.R. 2259 - King Cove Health and Safety Act
(Rep. Young (R) AK)

The Administration strongly opposes H.R. 2259 and, if presented to the President, the Secretary of the Interior would recommend that the bill be vetoed.

H.R. 2259 would create an objectionable and unprecedented perpetual right-of-way through portions of the Izembek National Wildlife Refuge and Izembek Wilderness for building a public road and maintaining utility-related fixtures between the communities of King Cove and Cold Bay in Alaska. H.R. 2259 is not compatible with the purposes for which the Refuge was established and would waive important environmental laws. As a result, H.R. 2259 would disrupt the habitat of many important species, including internationally-unique waterfowl populations and cause irreparable damage to the ecological integrity of this pristine wilderness area. Finally, the bill would undermine the intent of the recently enacted bipartisan "National Wildlife Refuge System Improvement Act of 1997."

The Administration recognizes the need to ensure safe and economical transportation between the remote communities of King Cove and Cold Bay in Alaska. The Department of the Interior will continue working with the State of Alaska and other interested parties to explore different transportation alternatives.

May 14, 1998
(House)

H.R. 2431 - Freedom From Religious Persecution Act of 1998
(Wolf (R) VA)

The President has made religious freedom a priority and the Administration is committed to identifying new and creative means for securing religious freedom for people of all faiths and beliefs. In particular, the Administration has raised religious freedom issues directly with foreign leaders and in multilateral fora. The State Department has expanded coverage of religious freedom in its annual human rights report and has created an Advisory Committee on Religious Freedom Abroad. In addition, the Secretary of State will be creating a senior-level coordinator responsible for integrating religious freedom into U.S. foreign policy.

The Administration strongly opposes H.R. 2431, the "Freedom From Religious Persecution Act of 1998" because it would undermine U.S. efforts to support the goal of religious freedom, as well as other important U.S. foreign policy interests. The bill's proposed sanctions would be counterproductive to convincing foreign governments to prevent limitations on religious freedom and could lead to misguided repercussions against minority religious groups perceived as causing deterioration of relations with the United States. H.R. 2431 is objectionable because it would: (1) impose automatic sanctions that could harm religious minorities and bilateral relations with allies, as well as limit Presidential flexibility and raise questions regarding U.S. international obligations; (2) undermine U.S. policy to respect all human rights; (3) unravel the current refugee admissions program; and (4) create a confusing bureaucracy to promote freedom of religion.

Current law already provides an adequate basis for the United States to impose sanctions on foreign entities that violate human rights. Automatic imposition of sanctions could also dissuade foreign governments or persons from cooperating with the United States to prevent limitations on religious freedom and harm U.S. political and economic relationships with other countries.

Although H.R. 2431 provides waiver authority, it does not eliminate a principal source of concern, which is the annual, automatic condemnation that would be required by the bill. While public condemnation may be appropriate in many instances, it should not be automatic in all cases. If the Administration is deprived of needed flexibility in situations that are often quite complex, the well-being of the very populations the bill seeks to help is put at risk. U.S. efforts to work collectively with other nations to promote religious freedom, reconciliation, and peace would also be placed at risk.

While appreciating the action taken by the Ways and Means Committee on the areas within its jurisdiction, the Administration opposes section 12 of H.R. 2431, which would legislate sanctions against Sudan. The President imposed sanctions against Sudan on November 4, 1997. This section further legislates sanctions without exempting

emergency food aid distribution programs, which would place many innocent Sudanese civilians in danger of starvation. It also limits waiver authority to only two sanctions.

For the above reasons, if H.R. 2431 were presented to the President in its current form, his senior advisers would recommend that the bill be vetoed.

Pay-As-You-Go Scoring

H.R. 2431 could increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. The bill does not contain provisions to offset the increased direct spending. Therefore, if the bill were enacted, its deficit effects could contribute to a sequester of mandatory programs. OMB's preliminary scoring estimate is that the PAYGO effect of this bill would be \$5 million for FY 1999 and \$25 million during FYs 1999-2003. Final scoring of this legislation may deviate from this estimate.

March 26, 1998
(House)

H.R. 2515 - Forest Recovery and Protection Act of 1998
(Smith (R) OR and 19 others)

The Administration strongly opposes H.R. 2515, as amended by the Rules Committee to include the text of H.R. 3530, because the bill would expand the existing forest restoration program to allow commercial timber harvesting. If H.R. 2515 is presented to the President in its current form, the Secretary of Agriculture would recommend that he **veto** the bill.

Specifically, the bill would transfer to the States 100 percent of the receipts from such expanded commercial activities. Currently, States receive 25 percent of comparable Forest Service receipts. H.R. 2515 would foster a local expectation that more timber receipts would be available under this program and, in turn, could create an incentive for States to place pressure on the Forest Service to fund commercial timber sales rather than invest in non-commercial restoration projects.

Finally, the bill would impose costly and burdensome administrative and reporting requirements that would make it difficult to respond expeditiously to threats to forest health and would limit environmental review.

Pay-As-You-Go Scoring

H.R. 2515 would affect direct spending and, therefore, is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The bill does not contain provisions to offset this increase in outlays. Therefore, if the bill were enacted, its deficit effects could contribute to a sequester of mandatory programs. OMB's preliminary scoring of this bill is that it would increase outlays by \$3 million during FY 1999 and by \$27 million during FYs 2000-2003. Final scoring of this legislation may differ from these estimates.

May 21, 1998
(Senate)

H.R. 2709 - Iran Missile Proliferation Sanctions Act of 1997
(Gilman (R) NY and 117 cosponsors)

The Administration strongly opposes H.R. 2709, the "Iran Missile Proliferation Sanctions Act of 1997" and, for the reasons stated below, the President's senior advisers would recommend that the President **veto** H.R. 2709, if it is presented to him in its current form. The Administration is committed to fighting terrorism and taking steps to halt the transfer of missile technology to rogue nations. U.S. leadership is critical to the required international effort to attack this problem. H.R. 2709, however, would not improve the ability of the United States to halt the transfer of missile technology to Iran. On the contrary, H.R. 2709 would weaken the United States ability to persuade the international community to halt such transfers to Iran. The bill's broad scope, retroactivity, and indiscriminate sanctions would undermine U.S. nonproliferation goals and objectives.

Current law provides an adequate basis for the United States to impose sanctions on foreign entities that further Iranian ballistic missile capabilities. The standard of evidence, sanctions, and reporting requirements of H.R. 2709 are too broad and vague and would be counterproductive to convincing foreign governments to control missile-related trade with Iran. For example, the standard of evidence is too low and could result in the imposition of an unknown number of erroneous sanctions on individuals or business entities. Imposition of erroneous sanctions could not only harm U.S. political and economic relationships with other nations, but could dissuade foreign governments or persons from cooperating with the United States to prevent the transfer of missile technology to Iran.

In addition, while the Administration supports S. 610, the "Chemical Weapons Convention Implementation Act of 1997," it strongly opposes the inclusion of the bill in H.R. 2709. S. 610 has strong bipartisan support and it should be enacted by the Congress as a free-standing bill without further delay.

Adoption of the Levin amendment would improve the legislation by altering its retroactive provisions. However, because very harmful provisions would remain, the President's senior advisers would still recommend that he **veto** this version of H.R. 2709.

Pay-As-You-Go Scoring

H.R. 2709 could affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimate is that the PAYGO effect of this bill is zero. Final scoring of this legislation may deviate from this estimate.

June 5, 1998
(House)

H.R. 2709 - Iran Missile Proliferation Sanctions Act of 1997
(Gilman (R) NY and 117 cosponsors)

The Administration strongly opposes H.R. 2709, the "Iran Missile Proliferation Sanctions Act of 1997" and, for the reasons stated below, the President's senior advisers would recommend that the President **veto** H.R. 2709, if it is presented to him in its current form. The Administration is committed to fighting terrorism and taking steps to halt the transfer of missile technology to rogue nations. U.S. leadership is critical to the required international effort to attack this problem. H.R. 2709, however, would not improve the ability of the United States to halt the transfer of missile technology to Iran. On the contrary, H.R. 2709 would weaken the United States ability to persuade the international community to halt such transfers to Iran. The bill's broad scope and indiscriminate sanctions would undermine U.S. nonproliferation goals and objectives.

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Pay-As-You-Go Scoring

H.R. 2709 could affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimate is that the PAYGO effect of this bill is zero. Final scoring of this legislation may deviate from this estimate.

February 5, 1998
(House Floor)

H.R. 2846 - Prohibition on Federal Education Testing
(Rep. Goodling (R) PA and 114 others)

The Administration strongly opposes H.R. 2846, and if the bill were presented to the President in its current form, he would veto it.

H.R. 2846 would override current law and enact a permanent ban on the use of Department of Education funds for any work on the voluntary national tests in 4th grade reading and 8th grade mathematics beyond the preliminary work described in the Department's FY 1998 appropriations act. The ban would also prohibit additional work on the tests by the independent, bipartisan National Assessment Governing Board (NAGB) and would remain in place until explicit authorizing legislation is enacted.

National tests are critical because they will provide students, parents, and teachers the opportunity to measure how well students are performing in comparison to national standards and international benchmarks. As a result, national tests will help hold schools accountable to parents and communities for the performance of all students.

H.R. 2846 is clearly inconsistent with the bipartisan agreement enacted last fall, which makes NABG responsible for the development and administration of the test, and which calls for the National Academy of Sciences (NAS) to conduct a series of studies that would help inform future deliberations by the Congress and the Administration relating to this important issue. By passing H.R. 2846, the House will undermine NAGB's role and will prejudge the findings of the NAS studies, which have not been completed, and jeopardize the progress being made in developing the national tests.

June 17, 1998
(House)

H.R. 3097 - Tax Code Termination Act
(Largent (R) Oklahoma and 153 cosponsors)

The Administration strongly opposes H.R. 3097 because it would create substantial risks for the Nation's economy and the American people. At a time when our country enjoys the strongest economy in a generation, it would be irresponsible to put that economy, our country's fiscal discipline, and the well-being of its families at risk. If H.R. 3097 were presented to the President, his senior advisors would recommend that he **veto** the bill. The Administration is already working to reduce unwarranted complexity in the tax laws, to protect taxpayer rights, to enact legislation restructuring the Internal Revenue Service (IRS), and to continue to refocus the IRS on customer service, fairness and efficiency. The Administration urges the Congress to complete action on H.R. 2676, the Internal Revenue Service Restructuring and Reform Act, which passed the House of Representatives on November 5, 1997.

The Administration also stands ready to consider carefully all proposals to reform the tax system comprehensively. The proposal contained in H.R. 3097, however, provides no reform plan. Moreover, none of the reform plans currently being discussed meets the criteria set forth by the President to evaluate tax reform proposals: fairness; fiscal responsibility; positive impact on economic growth; and simplification.

As Secretary Rubin has indicated in the attached letter to the Congressional leadership, the proposal in H.R. 3097 to sunset the tax code is a deeply flawed idea that, if enacted, would harm the Nation's strong economy. For example, some families would likely refrain from buying homes due to the uncertain future tax treatment of mortgage interest and property taxes (as well as all other State and local taxes), which would harm current homeowners. Many businesses would hire fewer workers and make fewer capital investments because of uncertainty about how taxes would affect the return on productive assets. Furthermore, the uncertainty of the bill's effect on future receipts would raise the specter of massive Federal deficits which, in turn, would increase interest rates and weaken or destroy economic growth.

H.R. 3097 would have many other harmful effects on the well-being of families. A family's health insurance would be threatened because the tax status of employer-provided health benefits would be uncertain. Hope Scholarships, which make higher education more affordable for students, would be in jeopardy, as would the child tax credits that help families with the costs of child-rearing. The structure of the employer-provided pensions and tax incentives for retirement could be altered in ways that could harm retirement income security.

Pay-As-You-Go Scoring

H.R. 3097 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. Beginning after 2002, the bill (as amended) would terminate both federal income taxes -- corporate and individual -- in addition to eliminating most other sources of Federal revenue. Because the bill establishes no alternative federal tax system and contains no offsets, it would reduce Federal receipts by hundreds of billions of dollars beginning after FY 2002. Under the Budget Enforcement Act, this would trigger a massive sequester of Federal programs with a broad range of unacceptable consequences.

March 25, 1998
(House Rules)

H.R. 3246 - Fairness for Small Business and Employees Act of 1998
(Goodling (R) PA and 29 others)

The Administration strongly opposes H.R. 3246 because it would undermine fundamental National Labor Relations Act (NLRA) protections of workers' rights to organize and also limit the ability of the National Labor Relations Board (NLRB) to carry out the provisions of the NLRA effectively. The President has stated that he would **veto** this bill. Although the bill purports to promote "fairness" for small business and employees, H.R. 3246 would in fact seriously erode workers' rights and protections. In particular, the Administration strongly opposes provisions in H.R. 3246 that would allow businesses to fire or refuse to hire union organizers. Such discrimination is wrong. The rights of workers to organize in order to secure higher pay, greater benefits, and job protections must be preserved.

The Administration also opposes the bill's provisions that would greatly limit the ability of the NLRB to use the judgment and flexibility needed to carry out the provisions of the NLRA. In particular, Title IV of H.R. 3246 would broaden considerably the NLRB's current legal obligation to award attorneys' fees to small businesses and organizations that prevail in cases brought by the Board. It would require the award of attorneys' fees regardless of whether the Board's position was substantially justified or special circumstances existed. Also, the bill's rigid deadlines for resolving certain cases may limit the Board's ability to reach fair and just conclusions.

September 16, 1998
(House Rules)

H.R. 3248 - Dollars to the Classroom Act
(Rep. Pitts (R) PA and 110 cosponsors)

The Administration strongly opposes H.R. 3248, as reported by the Committee on Education and the Workforce. If the bill were presented to the President, his senior advisers would recommend that he **veto** it.

H.R. 3248 would convert a wide array of Federal education programs that address national priorities into a single, unfocused block grant program providing general aid for education. The bill would eliminate programs that focus on our neediest children and schools, and on activities in which national leadership can play a critical role. For example, it would eliminate programs that help States and school districts raise educational standards and achievement for students, improve the quality of teaching, bring the benefits of technology to our Nation's students, and increase the availability of after-school programs.

Block grants would replace these worthy programs with general aid for school operations, which is the responsibility of States and communities, with no attention to areas of national need. In addition, the bill contains inadequate mechanisms to: (1) hold States and communities accountable for their use of taxpayer funds; (2) hold schools and school systems accountable for results; and (3) give the Administration and Congress information with which to evaluate the block grant program's performance.

H.R. 3248 is also objectionable because the "Ed-Flex" provisions that would extend authority to waive Federal requirements to all States lack the critical ingredient of the current program in which 12 States participate: meaningful accountability, connected to high standards and expectations for all children. The Administration supports expansion of the Ed-Flex program to additional States, but only when the links to challenging academic standards, high expectations for all children, and accountability for results are strong and clear.

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(House)

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The Administration strongly supports Representative Clay's amendment in the nature of a substitute, which would promote class-size reduction and improved teacher quality, along the lines proposed by the President earlier this year. The Clay substitute would provide much-needed assistance to help States and local school districts recruit, train, and hire 100,000 additional well-prepared teachers in order to reduce the average class size to 18 in grades 1 through 3 in our Nation's public schools. Rigorous research confirms what parents and teachers have long believed -- that students in smaller classes, especially in the early grades, make greater educational gains and maintain those gains over time.

March 26, 1998
(House)

H.R. 3310 - Small Business Paperwork Reduction Act Amendments
(McIntosh (R) IN and 43 cosponsors)

The Administration strongly opposes H.R. 3310, which would waive fines for first-time violators of Federal information collection requirements. The waiver provision could seriously hamper agencies' ability to ensure safety, protect the environment, detect criminal activity, and carry out a number of other statutory responsibilities. If H.R. 3310 were presented to the President in its current form, the Attorney General, the Secretary of Transportation, the Secretary of Labor, and the Administrator of the Environmental Protection Agency would recommend that he veto it.

As current law already requires agencies to help first-time small business violators who make a good faith effort to comply, the primary beneficiaries of H.R. 3310 would appear to be those who do not act in good faith, and those who intentionally or willfully violate the applicable regulations.

March 30, 1998
(House Rules)

H. R. 3579 -- MAKING EMERGENCY SUPPLEMENTAL
APPROPRIATIONS, FY 1998
(Sponsor: Livingston (R), Louisiana)

H. R. 3580 -- MAKING SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ,
FY 1998
(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.R. 3579 and H.R. 3580, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated. The Administration appreciates the Committee's action to ensure that vital resources needed for recovery from natural disasters, for our troops overseas, for the International Monetary Fund (IMF), and for the payment of arrearages to the United Nations (U.N.) are enacted as soon as possible. The American people want their Government to be able to respond quickly and in a non-partisan manner to emergencies both here and overseas. It would be disappointing and disturbing if our ability to provide assistance to victims of natural disasters and continued funding for our troops in Bosnia and Iraq and the readiness of our military forces worldwide were held hostage to partisan politics in the House of Representatives.

The Administration is disappointed that the pending supplemental appropriations have been segregated into two distinct appropriations bills and strongly recommends that the two measures be combined into a single bill. This assistance should be provided free of extraneous and controversial authorizing provisions. It is in the best interest of our national security that Congress pass a single bill that provides funding for our missions in Bosnia and Iraq, for overdue payments to the United Nations, and for the IMF. American economic and security interests will suffer badly if the President's requests are not promptly enacted into law.

It is also essential that Congress approves emergency disaster assistance for victims of recent natural disasters. As requested, the Senate included a \$1.6 billion contingent emergency appropriation for the Federal Emergency Management Agency (FEMA) for emergency response and recovery efforts throughout the United States for unmet requirements from disasters declared in FY 1998, and anticipated requirements in the remaining months of the fiscal year. The Federal Government is currently responding to natural disasters in 49 States, and since January of this year, disasters have occurred in 16

States and territories. The Administration appreciates the Committee's efforts to provide funding for disaster relief, and strongly urges the House to adopt the President's request for FEMA made on March 24.

The Committee bill finances emergency defense requirements with reductions in important domestic programs and is a breach of the firewalls enacted into law in the Balanced Budget Act. We should be able to provide disaster assistance to communities here at home and support for our troops overseas without violating last year's budget agreement or attaching extraneous political provisions. We urge you to avoid actions that will result in gridlock and that will be detrimental to our troops abroad and our citizens at home in a time of need. The President's senior advisors would recommend the President **veto** this legislation if it contains such offsets.

The Administration is deeply concerned with some of the IMF provisions of the bill as currently drafted. These concerns relate primarily to the procedural requirements attached to the proposed appropriation for the quota increase, not necessarily to the underlying policy objectives of such requirements. In fact, the Administration is in agreement with many of those objectives as policies that the United States should vigorously promote at the IMF. However, a number of the bill's proposed procedures for achieving those objectives are unworkable. These concerns are addressed in more detail below. In addition, several provisions of H.R. 3114, the IMF authorizing legislation reported out of the Banking Committee on March 5, were not included in H.R. 3580. The Administration strongly urges the Rules Committee and the full House to support a bill that could enjoy bipartisan support on par with that of H.R. 3114.

The Administration strongly opposes the Committee's inclusion of language making U.N. funding contingent on authorization and reducing the request by \$416 million. The authorization requirement is intended to subject this important national security measure to the unrelated debate of abortion policy. Honorable people can disagree about the issue of abortion. But, it is wholly inappropriate to hold the payment of U.S. arrears to the United Nations hostage to unrelated and extraneous issues. Instead, the entire Congress should be given the opportunity to consider the U.N. arrearage funding issue on its merits. We strongly urge the House to drop the authorization contingency and to increase funding up to the request.

For these reasons, the Administration strongly opposes House consideration of legislation in its current form, and urges the Rules Committee to make in order amendments that respond to these concerns. We urge Congress, as soon as possible, to send to the President a clean bill that he can sign.

U.N. Arrears

The Administration strongly objects to the severe cuts to the request for arrears payments to the United Nations and other international organizations. The draft bill includes only

\$505 million of the Administration's \$921 million request for FY 1999 and FY 2000. This very substantial cut will seriously impede the ability of the United States to influence critical negotiations beginning in May which could reduce U.S. dues to the United Nations. There will not be another opportunity to lower these dues until the year 2000. In the meantime, U.S. efforts to promote far-reaching U.N. reforms will be impeded. The failure to provide the requested funds will undermine U.S. leadership in the international community and should not be separated from other critical emergency foreign affairs priorities (Bosnia, Iraq, and IMF).

While the Administration would welcome an authorization for the U.N. arrears, and will continue to work with the authorizing committees, the Administration objects to the authorization requirement in this bill. The current version of the authorizing legislation (H.R. 1757) contains policy provisions unrelated to the U.N. arrears issue, which are unacceptable to the Administration. Therefore, the Administration strongly urges the House to provide the full request for arrears and to drop the authorization requirement.

IMF

The Administration is supportive of the Committee's recognition that the Congress should act now to authorize and appropriate funds for both the New Arrangements to Borrow (NAB) and the quota increase. The Administration believes the immediate approval of these requests is necessary to provide the IMF with the resources it needs to protect the international financial system and, therefore, the U.S. economy against the risk of new or escalating financial crises of the kind now gripping key East Asian economies. A failure to act or a significant delay in action could leave us without the capacity to protect United States interests in the current environment.

Many of the provisions in the Committee bill are unworkable. Section 401 of the bill, for example, would condition the availability of the increased U.S. quota resources on the inclusion in certain lending agreements with member countries of certain specified provisions. The Administration believes that the practical effect of this section alone would delay indefinitely the implementation of the quota increase, denying the IMF resources it needs to perform its mission during a period of crisis.

Section 402(c) would impose new notification requirements on the use of the Exchange Stabilization Fund (ESF), which would limit our ability to respond flexibly under existing law. Use of the ESF is not related to legislation to authorize and appropriate funds for the IMF, and the Administration strongly objects to the inclusion of ESF provisions in this bill.

Section 408, like Section 401, would impose unworkable conditions on the release of U.S. funds to the IMF and, therefore, also would be likely to delay indefinitely the implementation of the quota increase at the IMF. This provision is worded much more broadly than Section 401 and could be read to condition the release of all U.S. funds to the IMF, not just those appropriated for the quota increase, which could jeopardize the Fund's ability to finance its existing as well as new programs. This would amount to a

retroactive conditioning of all past U.S. commitments to the Fund, including quota subscriptions and the General Arrangements to Borrow, and would also apply to the NAB.

To solve these problems in a constructive manner, the Administration will work to amend these provisions as this much needed bill moves through the appropriations process. If the IMF does not have sufficient resources to deal with future crises, it will significantly affect our workers, our farmers, and our businesses. The Administration also wishes to reiterate its position that it is important for Congress to act on this request at the earliest possible legislative opportunity.

Department of Defense

The Administration welcomes the Committee's support for the President's FY 1998 emergency supplemental request for Bosnia, Southwest Asia, and natural disasters. Additional funding for Bosnia and Southwest Asia will cover the costs of unanticipated military operations in these areas that directly support U.S. national interests, while also protecting military readiness. Additional funding for natural disasters will ensure that affected bases and facilities can recover fully and quickly from storm damage.

The Administration strongly opposes any provision requiring prior Congressional authorization before offensive operations against Iraq can be conducted. While the Administration will consult with Congress if further military action becomes necessary, a prior authorization requirement would hinder the President's ability to carry out his responsibility as Commander-in-Chief and to effectively conduct U.S. foreign relations. Such legislation could lead Iraq to believe that the U.S. will not react promptly to provocation or further intransigence.

Other Issues

The Administration is extremely disappointed that the Senate struck funding for HCFA to implement provisions of the Health Insurance Portability and Access Act (HIPAA) of 1996. The Administration is pleased that the House Committee included such funding and urges the Congress to retain this important provision in any final legislation. HIPAA imposed on HCFA major new implementation and enforcement responsibilities in reforming the private insurance market to help people keep their health insurance when they change jobs, and in limiting the ability of insurers to deny coverage for pre-existing conditions. Moreover, HCFA must administer this program in any State that chooses not to enforce the law -- and several States have chosen not to do so. Without additional resources this year, HCFA's ability to implement the new HIPAA provisions will be at risk. These resources represent critical funding for an agency that, overall, has significant new responsibilities to undertake.

The Administration is also concerned about report language concerning financial terms for oil and gas lease sales in the Gulf of Mexico eligible for royalty relief by the 1995

Deep Water Royalty Relief Act. In addition, the Administration objects to two overly-broad Department of Agriculture (USDA) authorities added by the Committee. One provision would provide compensation for any decrease in value to stored wheat due to USDA emergency action notices in response to the presumed or actual presence of "karnal bunt" (a fungus that affects wheat). The provision authorizes payments not just for the effects of such past notices, but for any emergency action notices issued in the indefinite future. This is an inappropriate period of time for inclusion in an emergency supplemental bill. The assistance should be limited through the date of the bill's enactment. Secondly, in the provision providing compensation to producers for losses of livestock, the Committee added authority to compensate losses to owners of ratites (flightless birds, including ostriches). The Administration objects to this expansion of assistance to a single group of owners, since other game or specialty bird losses have not been covered by past livestock disaster programs, in part due to the pricing complexities in the speculative and thin markets for such birds.

March 31, 1998
(House Floor)

H. R. 3579 -- MAKING EMERGENCY SUPPLEMENTAL
APPROPRIATIONS, FY 1998
(Sponsor: Livingston (R), Louisiana)

H. R. 3580 -- MAKING SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ,
FY 1998
(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.R. 3579 and H.R. 3580, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated. The Administration appreciates the Committee's action to approve vital resources needed for recovery from natural disasters, for our troops overseas, for the International Monetary Fund (IMF), and for the payment of arrearages to the United Nations (U.N.). The American people want their Government to be able to respond quickly and in a non-partisan manner to emergencies both here and overseas. It would be disappointing and disturbing if our ability to provide assistance to victims of natural disasters and continued funding for our troops in Bosnia and Iraq and the readiness of our military forces worldwide were held hostage to partisan politics in the House of Representatives. The Administration is disappointed that the pending supplemental appropriations have been segregated into two distinct appropriations bills and strongly recommends that the two measures be combined into a single bill. This assistance should be provided free of extraneous and controversial authorizing provisions. It is in the best interest of our national security that Congress pass a single bill that provides funding for our missions in Bosnia and Iraq, for overdue payments to the United Nations, and for the IMF. American economic and security interests will suffer badly if the President's requests are not promptly enacted into law.

It is also essential that Congress approves emergency disaster assistance for victims of recent natural disasters. As requested, the Senate included a \$1.6 billion contingent emergency appropriation for the Federal Emergency Management Agency (FEMA) for emergency response and recovery efforts throughout the United States for unmet requirements from disasters declared in FY 1998, and anticipated requirements in the remaining months of the fiscal year. The Federal Government is currently responding to natural disasters in 49 States, and since January of this year, disasters have occurred in 16 States and territories. The Administration appreciates the Committee's efforts to provide

funding for other disaster relief programs, and strongly urges the House to adopt the President's March 24 request for FEMA.

The Committee bill finances emergency defense requirements with reductions in important domestic programs and is a breach of the firewalls enacted into law in the Balanced Budget Act. We should be able to provide disaster assistance to communities here at home and support for our troops overseas without violating last year's budget agreement or attaching extraneous political provisions. We urge you to avoid actions that will result in gridlock and that will be detrimental to our troops abroad and our citizens at home in a time of need. The President's senior advisors would recommend that the President **veto** this legislation if it contains such offsets.

The Administration is deeply concerned with some of the IMF provisions of H.R. 3580 as currently drafted. These concerns relate primarily to the procedural requirements attached to the proposed appropriation for the quota increase, not necessarily to the underlying policy objectives of such requirements. In fact, the Administration is in agreement with many of those objectives as policies that the United States should vigorously promote at the IMF. However, a number of the bill's proposed procedures for achieving those objectives are unworkable. These concerns are addressed in more detail below. In addition, several provisions of H.R. 3114, the IMF authorizing legislation reported out of the Banking Committee on March 5, were not included in H.R. 3580. The Administration strongly urges the full House to support a bill that could enjoy bipartisan support on par with that of H.R. 3114.

The Administration strongly opposes the Committee's inclusion of language in H.R. 3580 making U.N. funding contingent on authorization and reducing the request by \$416 million. The authorization requirement is intended to subject this important national security measure to the unrelated debate of abortion policy. Honorable people can disagree about the issue of abortion. But, it is wholly inappropriate to hold the payment of U.S. arrears to the United Nations hostage to unrelated and extraneous issues. Instead, the entire Congress should be given the opportunity to consider the U.N. arrearage funding issue on its merits. We strongly urge the House to drop the authorization contingency and to increase funding up to the request.

For these reasons, the Administration strongly opposes H.R. 3579 and H.R. 3580 as reported by the Committee and is deeply disappointed that the rule for consideration of H.R. 3579 does not make in order amendments that respond to these concerns. We urge Congress, as soon as possible, to send to the President a clean bill that he can sign.

U.N. Arrears

The Administration strongly objects to the severe cuts to the request for arrears payments to the United Nations and other international organizations contained in H.R. 3580. The draft bill includes only \$505 million of the Administration's \$921 million request for FY 1999 and FY 2000. This very substantial cut will seriously impede the ability of the United States to influence critical negotiations beginning in May which could reduce U.S.

dues to the United Nations. There will not be another opportunity to lower these dues until the year 2000. In the meantime, U.S. efforts to promote far-reaching U.N. reforms will be impeded. The failure to provide the requested funds will undermine U.S. leadership in the international community and should not be separated from other critical emergency foreign affairs priorities (Bosnia, Iraq, and IMF). While the Administration would welcome an authorization for the U.N. arrears, and will continue to work with the authorizing committees, the Administration objects to the authorization requirement in H.R. 3580. The current version of the authorizing legislation (H.R. 1757) contains policy provisions unrelated to the U.N. arrears issue, which are unacceptable to the Administration. Therefore, the Administration strongly urges the House to provide the full request for arrears and to drop the authorization requirement.

IMF

The Administration is supportive of the Committee's recognition that the Congress should act now to authorize and appropriate funds for both the New Arrangements to Borrow (NAB) and the quota increase. The Administration believes the immediate approval of these requests is necessary to provide the IMF with the resources it needs to protect the international financial system and, therefore, the U.S. economy against the risk of new or escalating financial crises of the kind now gripping key East Asian economies. A failure to act or a significant delay in action could leave us without the capacity to protect United States interests in the current environment.

Many of the provisions in the Committee version of H.R. 3580 are unworkable. Section 401 of the bill, for example, would condition the availability of the increased U.S. quota resources on the inclusion in certain lending agreements with member countries of certain specified provisions. The Administration believes that the practical effect of this section alone would delay indefinitely the implementation of the quota increase, denying the IMF resources it needs to perform its mission during a period of crisis.

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To solve these problems in a constructive manner, the Administration will work to amend these provisions as this much needed bill moves through the appropriations process. If the IMF does not have sufficient resources to deal with future crises, it will significantly affect our workers, our farmers, and our businesses. The Administration also wishes to reiterate its position that it is important for Congress to act on this request at the earliest possible legislative opportunity.

Department of Defense

The Administration welcomes the Committee's support for the President's FY 1998 emergency supplemental request for Bosnia, Southwest Asia, and natural disasters. Additional funding for Bosnia and Southwest Asia will cover the costs of unanticipated military operations in these areas that directly support U.S. national interests, while also protecting military readiness. Additional funding for natural disasters will ensure that affected bases and facilities can recover fully and quickly from storm damage.

The Administration strongly opposes any provision requiring prior Congressional authorization before offensive operations against Iraq can be conducted. While the Administration will consult with Congress if further military action becomes necessary, a prior authorization requirement would hinder the President's ability to carry out his responsibility as Commander-in-Chief and to effectively conduct U.S. foreign relations. Such legislation could lead Iraq to believe that the U.S. will not react promptly to provocation or further intransigence.

Other Issues

The Administration is extremely disappointed that the Senate struck funding for HCFA to implement provisions of the Health Insurance Portability and Access Act (HIPAA) of 1996. The Administration is pleased that the House Committee included such funding and urges the Congress to retain this important provision in any final legislation. HIPAA imposed on HCFA major new implementation and enforcement responsibilities in reforming the private insurance market to help people keep their health insurance when they change jobs, and in limiting the ability of insurers to deny coverage for pre-existing conditions. Moreover, HCFA must administer this program in any State that chooses not to enforce the law -- and several States have chosen not to do so. Without additional resources this year, HCFA's ability to implement the new HIPAA provisions will be at risk. These resources represent critical funding for an agency that, overall, has significant new responsibilities to undertake.

The Administration is also concerned about report language concerning financial terms for oil and gas lease sales in the Gulf of Mexico eligible for royalty relief by the 1995 Deep Water Royalty Relief Act. In addition, the Administration objects to two overly-broad Department of Agriculture (USDA) authorities added by the Committee. One provision would provide compensation for any decrease in value to stored wheat due to USDA emergency action notices in response to the presumed or actual presence of "karnal bunt" (a fungus that affects wheat). The provision authorizes payments not just

for the effects of such past notices, but for any emergency action notices issued in the indefinite future. This is an inappropriate period of time for inclusion in an emergency supplemental bill. The assistance should be limited through the date of the bill's enactment. Secondly, in the provision providing compensation to producers for losses of livestock, the Committee added authority to compensate losses to owners of ratites (flightless birds, including ostriches). The Administration objects to this expansion of assistance to a single group of owners, since other game or specialty bird losses have not been covered by past livestock disaster programs, in part due to the pricing complexities in the speculative and thin markets for such birds.

March 30, 1998
(House Rules)

H. R. 3579 -- MAKING EMERGENCY SUPPLEMENTAL
APPROPRIATIONS, FY 1998
(Sponsor: Livingston (R), Louisiana)

H. R. 3580 -- MAKING SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ,
FY 1998
(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.R. 3579 and H.R. 3580, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's action to ensure that vital resources needed for recovery from natural disasters, for our troops overseas, for the International Monetary Fund (IMF), and for the payment of arrearages to the United Nations (U.N.) are enacted as soon as possible. The American people want their Government to be able to respond quickly and in a non-partisan manner to emergencies both here and overseas. It would be disappointing and disturbing if our ability to provide assistance to victims of natural disasters and continued funding for our troops in Bosnia and Iraq and the readiness of our military forces worldwide were held hostage to partisan politics in the House of Representatives.

The Administration is disappointed that the pending supplemental appropriations have been segregated into two distinct appropriations bills and strongly recommends that the two measures be combined into a single bill. This assistance should be provided free of extraneous and controversial authorizing provisions. It is in the best interest of our national security that Congress pass a single bill that provides funding for our missions in Bosnia and Iraq, for overdue payments to the United Nations, and for the IMF. American economic and security interests will suffer badly if the President's requests are not promptly enacted into law.

It is also essential that Congress approves emergency disaster assistance for victims of recent natural disasters. As requested, the Senate included a \$1.6 billion contingent emergency appropriation for the Federal Emergency Management Agency (FEMA) for emergency response and recovery efforts throughout the United States for unmet requirements from disasters declared in FY 1998, and anticipated requirements in the remaining months of the fiscal year. The Federal Government is currently responding to natural disasters in 49 States, and since January of this year, disasters have occurred in 16

States and territories. The Administration appreciates the Committee's efforts to provide funding for disaster relief, and strongly urges the House to adopt the President's request for FEMA made on March 24.

The Committee bill finances emergency defense requirements with reductions in important domestic programs and is a breach of the firewalls enacted into law in the Balanced Budget Act. We should be able to provide disaster assistance to communities here at home and support for our troops overseas without violating last year's budget agreement or attaching extraneous political provisions. We urge you to avoid actions that will result in gridlock and that will be detrimental to our troops abroad and our citizens at home in a time of need. The President's senior advisors would recommend the President **veto** this legislation if it contains such offsets.

The Administration is deeply concerned with some of the IMF provisions of the bill as currently drafted. These concerns relate primarily to the procedural requirements attached to the proposed appropriation for the quota increase, not necessarily to the underlying policy objectives of such requirements. In fact, the Administration is in agreement with many of those objectives as policies that the United States should vigorously promote at the IMF. However, a number of the bill's proposed procedures for achieving those objectives are unworkable. These concerns are addressed in more detail below. In addition, several provisions of H.R. 3114, the IMF authorizing legislation reported out of the Banking Committee on March 5, were not included in H.R. 3580. The Administration strongly urges the Rules Committee and the full House to support a bill that could enjoy bipartisan support on par with that of H.R. 3114.

The Administration strongly opposes the Committee's inclusion of language making U.N. funding contingent on authorization and reducing the request by \$416 million. The authorization requirement is intended to subject this important national security measure to the unrelated debate of abortion policy. Honorable people can disagree about the issue of abortion. But, it is wholly inappropriate to hold the payment of U.S. arrears to the United Nations hostage to unrelated and extraneous issues. Instead, the entire Congress should be given the opportunity to consider the U.N. arrearage funding issue on its merits. We strongly urge the House to drop the authorization contingency and to increase funding up to the request.

For these reasons, the Administration strongly opposes House consideration of legislation in its current form, and urges the Rules Committee to make in order amendments that respond to these concerns. We urge Congress, as soon as possible, to send to the President a clean bill that he can sign.

U.N. Arrears

The Administration strongly objects to the severe cuts to the request for arrears payments to the United Nations and other international organizations. The draft bill includes only

\$505 million of the Administration's \$921 million request for FY 1999 and FY 2000. This very substantial cut will seriously impede the ability of the United States to influence critical negotiations beginning in May which could reduce U.S. dues to the United Nations. There will not be another opportunity to lower these dues until the year 2000. In the meantime, U.S. efforts to promote far-reaching U.N. reforms will be impeded. The failure to provide the requested funds will undermine U.S. leadership in the international community and should not be separated from other critical emergency foreign affairs priorities (Bosnia, Iraq, and IMF).

While the Administration would welcome an authorization for the U.N. arrears, and will continue to work with the authorizing committees, the Administration objects to the authorization requirement in this bill. The current version of the authorizing legislation (H.R. 1757) contains policy provisions unrelated to the U.N. arrears issue, which are unacceptable to the Administration. Therefore, the Administration strongly urges the House to provide the full request for arrears and to drop the authorization requirement.

IMF

The Administration is supportive of the Committee's recognition that the Congress should act now to authorize and appropriate funds for both the New Arrangements to Borrow (NAB) and the quota increase. The Administration believes the immediate approval of these requests is necessary to provide the IMF with the resources it needs to protect the international financial system and, therefore, the U.S. economy against the risk of new or escalating financial crises of the kind now gripping key East Asian economies. A failure to act or a significant delay in action could leave us without the capacity to protect United States interests in the current environment.

Many of the provisions in the Committee bill are unworkable. Section 401 of the bill, for example, would condition the availability of the increased U.S. quota resources on the inclusion in certain lending agreements with member countries of certain specified provisions. The Administration believes that the practical effect of this section alone would delay indefinitely the implementation of the quota increase, denying the IMF resources it needs to perform its mission during a period of crisis.

Section 402(c) would impose new notification requirements on the use of the Exchange Stabilization Fund (ESF), which would limit our ability to respond flexibly under existing law. Use of the ESF is not related to legislation to authorize and appropriate funds for the IMF, and the Administration strongly objects to the inclusion of ESF provisions in this bill.

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retroactive conditioning of all past U.S. commitments to the Fund, including quota subscriptions and the General Arrangements to Borrow, and would also apply to the NAB.

To solve these problems in a constructive manner, the Administration will work to amend these provisions as this much needed bill moves through the appropriations process. If the IMF does not have sufficient resources to deal with future crises, it will significantly affect our workers, our farmers, and our businesses. The Administration also wishes to reiterate its position that it is important for Congress to act on this request at the earliest possible legislative opportunity.

Department of Defense

The Administration welcomes the Committee's support for the President's FY 1998 emergency supplemental request for Bosnia, Southwest Asia, and natural disasters. Additional funding for Bosnia and Southwest Asia will cover the costs of unanticipated military operations in these areas that directly support U.S. national interests, while also protecting military readiness. Additional funding for natural disasters will ensure that affected bases and facilities can recover fully and quickly from storm damage.

The Administration strongly opposes any provision requiring prior Congressional authorization before offensive operations against Iraq can be conducted. While the Administration will consult with Congress if further military action becomes necessary, a prior authorization requirement would hinder the President's ability to carry out his responsibility as Commander-in-Chief and to effectively conduct U.S. foreign relations. Such legislation could lead Iraq to believe that the U.S. will not react promptly to provocation or further intransigence.

Other Issues

The Administration is extremely disappointed that the Senate struck funding for HCFA to implement provisions of the Health Insurance Portability and Access Act (HIPAA) of 1996. The Administration is pleased that the House Committee included such funding and urges the Congress to retain this important provision in any final legislation. HIPAA imposed on HCFA major new implementation and enforcement responsibilities in reforming the private insurance market to help people keep their health insurance when they change jobs, and in limiting the ability of insurers to deny coverage for pre-existing conditions. Moreover, HCFA must administer this program in any State that chooses not to enforce the law -- and several States have chosen not to do so. Without additional resources this year, HCFA's ability to implement the new HIPAA provisions will be at risk. These resources represent critical funding for an agency that, overall, has significant new responsibilities to undertake.

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Deep Water Royalty Relief Act. In addition, the Administration objects to two overly-broad Department of Agriculture (USDA) authorities added by the Committee. One provision would provide compensation for any decrease in value to stored wheat due to USDA emergency action notices in response to the presumed or actual presence of "karnal bunt" (a fungus that affects wheat). The provision authorizes payments not just for the effects of such past notices, but for any emergency action notices issued in the indefinite future. This is an inappropriate period of time for inclusion in an emergency supplemental bill. The assistance should be limited through the date of the bill's enactment. Secondly, in the provision providing compensation to producers for losses of livestock, the Committee added authority to compensate losses to owners of ratites (flightless birds, including ostriches). The Administration objects to this expansion of assistance to a single group of owners, since other game or specialty bird losses have not been covered by past livestock disaster programs, in part due to the pricing complexities in the speculative and thin markets for such birds.

March 31, 1998
(House Floor)

H. R. 3579 -- MAKING EMERGENCY SUPPLEMENTAL
APPROPRIATIONS, FY 1998
(Sponsor: Livingston (R), Louisiana)

H. R. 3580 -- MAKING SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ,
FY 1998
(Sponsor: Livingston (R), Louisiana)

This Statement of Administration Policy provides the Administration's views on H.R. 3579 and H.R. 3580, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated. The Administration appreciates the Committee's action to approve vital resources needed for recovery from natural disasters, for our troops overseas, for the International Monetary Fund (IMF), and for the payment of arrearages to the United Nations (U.N.). The American people want their Government to be able to respond quickly and in a non-partisan manner to emergencies both here and overseas. It would be disappointing and disturbing if our ability to provide assistance to victims of natural disasters and continued funding for our troops in Bosnia and Iraq and the readiness of our military forces worldwide were held hostage to partisan politics in the House of Representatives. The Administration is disappointed that the pending supplemental appropriations have been segregated into two distinct appropriations bills and strongly recommends that the two measures be combined into a single bill. This assistance should be provided free of extraneous and controversial authorizing provisions. It is in the best interest of our national security that Congress pass a single bill that provides funding for our missions in Bosnia and Iraq, for overdue payments to the United Nations, and for the IMF. American economic and security interests will suffer badly if the President's requests are not promptly enacted into law.

It is also essential that Congress approves emergency disaster assistance for victims of recent natural disasters. As requested, the Senate included a \$1.6 billion contingent emergency appropriation for the Federal Emergency Management Agency (FEMA) for emergency response and recovery efforts throughout the United States for unmet requirements from disasters declared in FY 1998, and anticipated requirements in the remaining months of the fiscal year. The Federal Government is currently responding to natural disasters in 49 States, and since January of this year, disasters have occurred in 16 States and territories. The Administration appreciates the Committee's efforts to provide

funding for other disaster relief programs, and strongly urges the House to adopt the President's March 24 request for FEMA.

The Committee bill finances emergency defense requirements with reductions in important domestic programs and is a breach of the firewalls enacted into law in the Balanced Budget Act. We should be able to provide disaster assistance to communities here at home and support for our troops overseas without violating last year's budget agreement or attaching extraneous political provisions. We urge you to avoid actions that will result in gridlock and that will be detrimental to our troops abroad and our citizens at home in a time of need. The President's senior advisors would recommend that the President **veto** this legislation if it contains such offsets.

The Administration is deeply concerned with some of the IMF provisions of H.R. 3580 as currently drafted. These concerns relate primarily to the procedural requirements attached to the proposed appropriation for the quota increase, not necessarily to the underlying policy objectives of such requirements. In fact, the Administration is in agreement with many of those objectives as policies that the United States should vigorously promote at the IMF. However, a number of the bill's proposed procedures for achieving those objectives are unworkable. These concerns are addressed in more detail below. In addition, several provisions of H.R. 3114, the IMF authorizing legislation reported out of the Banking Committee on March 5, were not included in H.R. 3580. The Administration strongly urges the full House to support a bill that could enjoy bipartisan support on par with that of H.R. 3114.

The Administration strongly opposes the Committee's inclusion of language in H.R. 3580 making U.N. funding contingent on authorization and reducing the request by \$416 million. The authorization requirement is intended to subject this important national security measure to the unrelated debate of abortion policy. Honorable people can disagree about the issue of abortion. But, it is wholly inappropriate to hold the payment of U.S. arrears to the United Nations hostage to unrelated and extraneous issues. Instead, the entire Congress should be given the opportunity to consider the U.N. arrearage funding issue on its merits. We strongly urge the House to drop the authorization contingency and to increase funding up to the request.

For these reasons, the Administration strongly opposes H.R. 3579 and H.R. 3580 as reported by the Committee and is deeply disappointed that the rule for consideration of H.R. 3579 does not make in order amendments that respond to these concerns. We urge Congress, as soon as possible, to send to the President a clean bill that he can sign.

U.N. Arrears

The Administration strongly objects to the severe cuts to the request for arrears payments to the United Nations and other international organizations contained in H.R. 3580. The draft bill includes only \$505 million of the Administration's \$921 million request for FY 1999 and FY 2000. This very substantial cut will seriously impede the ability of the United States to influence critical negotiations beginning in May which could reduce U.S.

dues to the United Nations. There will not be another opportunity to lower these dues until the year 2000. In the meantime, U.S. efforts to promote far-reaching U.N. reforms will be impeded. The failure to provide the requested funds will undermine U.S. leadership in the international community and should not be separated from other critical emergency foreign affairs priorities (Bosnia, Iraq, and IMF). While the Administration would welcome an authorization for the U.N. arrears, and will continue to work with the authorizing committees, the Administration objects to the authorization requirement in H.R. 3580. The current version of the authorizing legislation (H.R. 1757) contains policy provisions unrelated to the U.N. arrears issue, which are unacceptable to the Administration. Therefore, the Administration strongly urges the House to provide the full request for arrears and to drop the authorization requirement.

IMF

The Administration is supportive of the Committee's recognition that the Congress should act now to authorize and appropriate funds for both the New Arrangements to Borrow (NAB) and the quota increase. The Administration believes the immediate approval of these requests is necessary to provide the IMF with the resources it needs to protect the international financial system and, therefore, the U.S. economy against the risk of new or escalating financial crises of the kind now gripping key East Asian economies. A failure to act or a significant delay in action could leave us without the capacity to protect United States interests in the current environment.

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Other Issues

The Administration is extremely disappointed that the Senate struck funding for HCFA to implement provisions of the Health Insurance Portability and Access Act (HIPAA) of 1996. The Administration is pleased that the House Committee included such funding and urges the Congress to retain this important provision in any final legislation. HIPAA imposed on HCFA major new implementation and enforcement responsibilities in reforming the private insurance market to help people keep their health insurance when they change jobs, and in limiting the ability of insurers to deny coverage for pre-existing conditions. Moreover, HCFA must administer this program in any State that chooses not to enforce the law -- and several States have chosen not to do so. Without additional resources this year, HCFA's ability to implement the new HIPAA provisions will be at risk. These resources represent critical funding for an agency that, overall, has significant new responsibilities to undertake.

The Administration is also concerned about report language concerning financial terms for oil and gas lease sales in the Gulf of Mexico eligible for royalty relief by the 1995 Deep Water Royalty Relief Act. In addition, the Administration objects to two overly-broad Department of Agriculture (USDA) authorities added by the Committee. One provision would provide compensation for any decrease in value to stored wheat due to USDA emergency action notices in response to the presumed or actual presence of "karnal bunt" (a fungus that affects wheat). The provision authorizes payments not just

for the effects of such past notices, but for any emergency action notices issued in the indefinite future. This is an inappropriate period of time for inclusion in an emergency supplemental bill. The assistance should be limited through the date of the bill's enactment. Secondly, in the provision providing compensation to producers for losses of livestock, the Committee added authority to compensate losses to owners of ratites (flightless birds, including ostriches). The Administration objects to this expansion of assistance to a single group of owners, since other game or specialty bird losses have not been covered by past livestock disaster programs, in part due to the pricing complexities in the speculative and thin markets for such birds.

July 14, 1998
(House)

H.R. 3682 - Child Custody Protection Act
(Rep. Ros-Lehtinen (R) FL and 136 others)

The Administration strongly opposes enactment of H.R. 3682 in its current form. If a bill is presented to the President that fails to address the concerns that are described below, the President's senior advisers would recommend that he **veto** it.

As stated in recent letters from White House Chief-of-Staff Erskine Bowles to the House and Senate Committees on the Judiciary, the Administration would support properly crafted legislation that would make it illegal to transport minors across state lines for the purpose of avoiding parental involvement requirements. Unfortunately, H.R. 3682, as reported by the House Committee on the Judiciary, fails to address a number of the critical concerns raised by the Administration. Specifically, the bill must be amended to:

Exclude close family members from criminal and civil liability. Under the legislation, grandmothers, aunts, and minor and adult siblings could face criminal prosecution for coming to the aid of a relative in distress.

Ensure that persons who only provide information, counseling, referral, or medical services to the minor cannot be subject to liability.

Address constitutional and other legal infirmities that the Department of Justice has identified in particular provisions of the legislation. These concerns were transmitted to the House Committee on the Judiciary on June 24, 1998.

The Administration is concerned that H.R. 3682 raises important federalism issues, including the rights of States to regulate matters within their own boundaries. The Administration believes, however, that legislation that addresses the concerns noted above, and that is carefully targeted at punishing non-relatives who transport minors across State lines for the purpose of avoiding parental involvement requirements, would mitigate the federalism and the Administration's other concerns.

Pay-As-You-Go Scoring

H.R. 3682 could affect both direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is zero.

April 28, 1998
(House)

H.R. 3717 - Prohibition Regarding Illegal Drugs and the
Distribution of Hypodermic Needles
(Rep. Solomon (R) NY and four cosponsors)

The Administration strongly opposes H.R. 3717 because it is unnecessary and unwarranted. The Administration concurs in the longstanding position of the Congress that the Secretary of Health and Human Services should have the authority to determine the scientific and public health merit of needle exchange programs as they affect rates of HIV transmission and injection drug use. The Administration believes, as Congress has to this point, that the top public health leadership of the Federal government remains the appropriate place for this determination, and that the decision on which HIV prevention strategies to use should rest with State and local officials.

October 5, 1998
(House)

H.R. 3789 - Class Action Jurisdiction Act of 1998
(Hyde (R) Illinois and 10 cosponsors)

The Administration strongly opposes House passage of H.R. 3789, and if it were presented to the President, the Attorney General would recommend that he **veto** the bill. H.R. 3789 would grant Federal district courts jurisdiction in almost all class action cases where any class member is a citizen of a State different from the State of any defendant. This would have the effect of transferring a significant number of class actions into Federal court and "federalizing" class action standards. States should be permitted to manage their own courts unless it can be demonstrated that there is a nationwide problem interfering with the fair adjudication of cases. Since this has not been demonstrated, the responsibility for handling class action litigation should continue to be shared between the State and Federal systems.

Class action litigation provides an important mechanism for vindicating the rights of plaintiffs whose individual claims would not warrant separate litigation and for resolving large numbers of related claims in a single action. H.R. 3789 also would require class action cases that are not certified in Federal court to be remanded to State courts and stripped of their class allegations, even if such a class could have been certified under applicable State standards. This provision would eliminate a viable remedy for individuals suffering injuries who could not otherwise afford to bring suit on their own and would significantly infringe on State courts' ability to offer redress to their citizens.

H.R. 3789 would move substantial numbers of State class actions to Federal courts at a time when the Chief Justice, among others, has expressed serious concerns about the workload of the Federal courts. A study by the Federal Judicial Center demonstrated that class actions are much more resource-intensive than other kinds of civil litigation. Particularly at a time when so many vacancies on the Federal bench exist, moving virtually all class actions to Federal courts would be counterproductive.

June 23, 1998
(House Rules)

H.R. 4103 - DEPARTMENT OF DEFENSE APPROPRIATIONS
BILL, FY 1999
(Sponsors: Livingston (R); Louisiana; Young (R), Florida)

This Statement of Administration Policy provides the Administration's views on the Department of Defense Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill providing requested funding for many of the Administration's priorities. We appreciate the Committee's decision to fully fund the military pay raise and to fund critical readiness programs at sufficient levels. Also, we are pleased that most of the modernization priorities of the Department of Defense (DoD) are funded at or near requested levels. The Administration, however, is disappointed that the Committee bill provides \$220 million below the President's request in order to increase funding for lower priority military construction projects. Also, as discussed below, the Administration has serious concerns about certain provisions included in the Committee bill, which must be addressed satisfactorily as the bill moves through the process.

The Administration strongly opposes any provision in the Committee bill that could be read to require prior congressional authorization of actions taken by the President pursuant to his authority under the Constitution. The President must be able to act decisively to protect U.S. national security and foreign policy interests. This provision would send the wrong signal to the world, including U.S. resolve regarding Iraqi compliance with its obligations with respect to weapons of mass destruction, the SFOR operation in Bosnia, and efforts to deter Serbian President Milosevic from attacks on the people of Kosovo. The President's senior national security advisers would recommend **veto** of a bill with a provision such as this one that could be interpreted to restrict the President's exercise of constitutional authority.

Funding for Bosnia

The Administration regrets that the Committee has not included funding for our ongoing operations in Bosnia. U.S. military presence, albeit at lower force levels, is critical for continued progress in implementing the Dayton Peace Accords. Moreover, a secure funding source for these operations at the start of the fiscal year will allow the Department to manage its readiness accounts effectively throughout the year. Although funding requirements for operations in Bosnia were not known when the FY 1999 Budget was prepared, the Administration created a funding reserve in the budget to cover these costs, and on March 3, 1998, the President requested funding for this purpose. The Administration strongly urges the Congress to provide emergency funding in the Defense appropriations bill to support the U.S. troops in Bosnia.

Year 2000 Reserve Funds

reduction for research and development funding of two important Navy programs: the next generation aircraft carrier (CVX-78) and the land attack destroyer (DD-21). The Committee would reduce aircraft carrier development by \$90 million, a 47-percent decrease from the President's request, and research funding for the DD-21 next-generation destroyer by \$69 million, an 81-percent decrease from the President's budget. Reductions of this magnitude would jeopardize the Navy's ability to design new technologies, to deliver these new technologies on schedule, and to achieve life-cycle cost reductions -- a major goal of both programs;

\$59 million cut from the President's request for Chemical Agents and Munitions Destruction. This reduction could delay a program that is on schedule to meet the obligations of the Chemical Weapons Convention;

\$5.5 million cut to the anti-personnel landmine alternative research and development (R&D) program (the Remote Anti-Armor Mine System) and the \$9 million cut to the humanitarian de-mining R&D program; and,

\$10.9 million reduction made to the Global Combat Support System (GCSS). This system will provide technical systems, common technology, and shared data standards that are required for the DoD electronic commerce (EC) initiatives, a key reform objective.

\$58 million reduction to basic research programs. Defense basic research provides the foundation for tomorrow's military superiority and supports colleges and universities across the country in training tomorrow's defense scientists and engineers.
Theater High-Altitude Area Defense (THAAD)

The Administration urges the House to support the Ballistic Missile Defense Organization's request for Theater High-Altitude Area Defense (THAAD). The THAAD program remains the DoD's most mature upper-tier missile defense program. Recent test failures indicate a need to restructure the program, but a complete review will be necessary before this can be accomplished. The Administration intends to work with the Congress on an appropriate funding profile.

Cooperative Threat Reduction (CTR)

The Administration urges full funding of the FY 1999 request for the Cooperative Threat Reduction Program (CTR). Furthermore, we oppose restrictions, imposed in the House authorization action (H.R. 3616) and approved by the Appropriations Committee, that prohibit the use of CTR funds for construction of a chemical weapons destruction facility in Russia. These restrictions would institute a minimum one-year delay in the current project schedule, thereby slowing the construction of a safe, secure, and ecologically sound method of destroying these dangerous munitions.

Commercial Operations and Support Savings Initiative (COSSI)

The Committee has provided \$62 million for COSSI, instead of the \$103 million requested. This program inserts commercial technologies in existing defense systems, thus lowering support costs and increasing performance while enabling already fielded systems to modernize quickly. The Administration urges full support of this program.

High Speed Networks

The Committee makes a reduction of \$34 million to networking research in the Defense Advanced Research Projects Agency based on alleged duplication of effort. However, any overlap was removed in FY 1998 as a result of an interagency review mandated by Congress. Accordingly, the Administration urges restoration of funding to ensure the security and survivability of future military networks and systems.

Advanced Concept Technology Demonstrations (ACTDs)

The Committee has cut the request for core ACTD funding by \$35 million, to \$81 million. This program supports work on new and innovative defense system concepts, and it could provide the basis for systems yielding a decisive military edge over adversaries in the next century. The Committee's funding level for this program would not provide sufficient funds to support ongoing ACTDs and would preclude initiation of any new ACTDs in FY 1999. The Administration urges the Committee to fund the program at the requested level.

June 24, 1998
(House)

H.R. 4103 - DEPARTMENT OF DEFENSE APPROPRIATIONS
BILL, FY 1999
Sponsors: Livingston (R); Louisiana; Young (R), Florida)

This Statement of Administration Policy provides the Administration's views on the Department of Defense Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill providing requested funding for many of the Administration's priorities. We appreciate the Committee's decision to fully fund the military pay raise and to fund critical readiness programs at sufficient levels. Also, we are pleased that most of the modernization priorities of the Department of Defense (DoD) are funded at or near requested levels. The Administration, however, is disappointed that the Committee bill, based on OMB's preliminary scoring, provides \$255 million below the President's request in order to increase funding for lower priority military construction projects. Also, as discussed below, the Administration has serious concerns about certain provisions included in the Committee bill, which must be addressed satisfactorily as the bill moves through the process.

The Administration strongly opposes any provision in the House version of the bill that could be read to require prior congressional authorization of actions taken by the President pursuant to his authority under the Constitution. The President must be able to act decisively to protect U.S. national security and foreign policy interests. This provision would send the wrong signal to the world, including U.S. resolve regarding Iraqi compliance with its obligations with respect to weapons of mass destruction, the SFOR operation in Bosnia, and efforts to deter Serbian President Milosevic from attacks on the people of Kosovo. The President's senior national security advisers would recommend **veto** of a bill with a provision such as this one that could be interpreted to restrict the President's exercise of constitutional authority.

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The Administration regrets that the Committee has not included funding for our ongoing operations in Bosnia. U.S. military presence, albeit at lower force levels, is critical for continued progress in implementing the Dayton Peace Accords. Moreover, a secure funding source for these operations at the start of the fiscal year will allow the Department to manage its readiness accounts effectively throughout the year. Although funding requirements for operations in Bosnia were not known when the FY 1999 Budget was prepared, the Administration created a funding reserve in the budget to cover these costs, and on March 3, 1998, the President requested funding for this purpose. The Administration strongly urges the Congress to provide emergency funding in the Defense appropriations bill to support the U.S. troops in Bosnia.

Year 2000 Reserve Funds

The Administration appreciates the emphasis that the Committee has placed on Year 2000 (Y2K) computer conversion activities. In the FY 1999 Budget, the President requested \$364 million for Y2K computer conversion. We recognize, however, that ensuring DoD compliance may require the flexibility to respond to unanticipated requirements. As such, we would intend to employ the contingent reserve set aside by the Committee only to the extent necessary, in order to ensure funds are available to address emerging needs.

The Administration would strongly oppose efforts to strike the emergency contingency fund from this bill. The value of the emergency mechanism approved by the House Appropriations Committee is the flexibility it provides in the event that we determine that additional resources are required. We have only 555 days until January 1, 2000. We want to solve this problem as soon as possible. By delaying approval of emergency funding and reopening the issue of the use of the emergency spending authority, the House will create controversy and delay. We hope the House will reconsider.

Operation & Maintenance (O&M) Adjustments

The Administration appreciates the Committee's emphasis on preserving military readiness by funding critical O&M programs. Force readiness could be threatened, however, by the bill's undistributed reductions to other O&M programs, such as civilian personnel pay, travel, and headquarters activities. The President's request is tightly constructed within the discretionary caps agreed to in the Bipartisan Budget Agreement. Any adjustments must be carefully evaluated to ensure that DoD has sufficient funding available for its operations and support programs. The Administration is extremely concerned about reprogramming restrictions on O&M accounts that would hinder a field level commander's abilities to meet emerging mission requirements. Prior to final action on the bill, the Administration would like to work with the Congress to develop reprogramming guidelines that avoid restrictions that would impede commanders' actions to maintain force readiness yet satisfy Congressional oversight responsibilities.

Funding Levels

The Committee bill funds unrequested programs at the expense of DoD FY 1999 requirements. Also, the Committee provides funds for programs that, due to higher priority military requirements, are not in the Future Years Defense Program (FYDP). These increases include \$86 million for modifications and upgrades to B-2 bombers, \$398 million for seven additional C-130J airlift aircraft, \$60 million for two unrequested F-16 fighter aircraft, and \$120 million for National Guard and Reserve equipment. Instead of funding these unrequested programs, the Administration urges the Congress to restore disruptive decreases for key DoD modernization programs, including the following:

\$70 million decrease for the F-22 program, the \$220 million decrease for the F/A-18E/F program, and the elimination of funding for the Aerostat program (\$103 million);

reduction for research and development funding of two important Navy programs: the next generation aircraft carrier (CVX-78) and the land attack destroyer (DD-21). The Committee would reduce aircraft carrier development by \$90 million, a 47-percent decrease from the President's request, and research funding for the DD-21 next-generation destroyer by \$69 million, an 81-percent decrease from the President's budget. Reductions of this magnitude would jeopardize the Navy's ability to design new technologies, to deliver these new technologies on schedule, and to achieve life-cycle cost reductions -- a major goal of both programs;

\$59 million cut from the President's request for Chemical Agents and Munitions Destruction. This reduction could delay a program that is on schedule to meet the obligations of the Chemical Weapons Convention;

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High Speed Networks

The Committee makes a reduction of \$34 million to networking research in the Defense Advanced Research Projects Agency based on alleged duplication of effort. However, any overlap was removed in FY 1998 as a result of an interagency review mandated by Congress. Accordingly, the Administration urges restoration of funding to ensure the security and survivability of future military networks and systems.

Advanced Concept Technology Demonstrations (ACTDs)

The Committee has cut the request for core ACTD funding by \$35 million, to \$81 million. This program supports work on new and innovative defense system concepts, and it could provide the basis for systems yielding a decisive military edge over adversaries in the next century. The Committee's funding level for this program would not provide sufficient funds to support ongoing ACTDs and would preclude initiation of any new ACTDs in FY 1999. The Administration urges the Committee to fund the program at the requested level.

June 23, 1998
(House Rules)

H.R. 4104 - TREASURY AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1999
(Sponsors: Livingston (R), Louisiana; Kolbe (R), Arizona)

This Statement of Administration Policy provides the Administration's views on the Treasury and General Government Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate the President's priorities within the 302(b) allocation. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the recently enacted Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We encourage the Congress to take advantage of such additional offsets, or to reduce appropriations for programs or projects not requested by the President in order to fund requested levels for items discussed below.

Below is a discussion of our specific concerns with the Committee-reported bill. We look forward to working with you to resolve these concerns as the bill moves forward.

Year 2000 Computer Conversion

The Administration appreciates the emphasis that the Committee has placed on year 2000 (Y2K) computer conversion activities. OMB will continue to assist all agencies in ensuring that adequate resources are available to address this critical issue. In the FY 1999 Budget, the President has requested more than \$1 billion for Y2K computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs.

At this time, we believe that the resource levels included in the President's budget will fully address Y2K computer conversion requirements Government-wide. However, as we learn more about how to address this problem, we expect that ensuring Government-wide compliance will require flexibility to respond to unanticipated requirements. To the extent such unanticipated requirements are identified, it will be essential to make that funding available quickly. It will truly be emergency funding. The emergency mechanism recently approved by the House Appropriations Committee provides such flexibility.

It is our understanding that when the House Rules Committee meets today to take up the Defense and Treasury/General Government appropriations bills, it will consider rules that would strip the emergency funding mechanism from both bills. This regrettable action

will not help agencies move forward in addressing this problem. We note that the Committee bill allocates funds from the emergency reserve for Treasury and other agency Year 2000 (Y2K) needs. If the emergency reserve is not funded, the Congress will need to find other ways to fund Treasury's critical Y2K needs.

The value of the emergency mechanism approved by the House Appropriations Committee is the flexibility it provides in the event that we determine that additional resources are required. We have only 556 days until January 1, 2000. We want to solve this problem as soon as possible. Delaying approval of emergency funding and reopening the issue of the use of the emergency spending authority would create controversy and delay. We hope that the House will reconsider.

Exchange Stabilization Fund

The Administration has serious concerns that an amendment to restrict severely the use of the Exchange Stabilization Fund (ESF) may be considered as part of the bill. Such an amendment would constitute an unacceptable limitation on the executive branch's ability to protect critical U.S. economic interests. The Secretary of Treasury would recommend a Presidential **veto** if the provision is included in the bill.

Federal Election Commission

The Administration strongly objects to language included in the bill that would limit the term of the Federal Election Commission's staff director and general counsel to four years and require a vote of four commissioners to reappoint them. This procedure is a departure from current practice, established in statute, whereby the Commission appoints a staff director and general counsel for an unlimited term. As with all Commission decisions under current practice, removal of the staff director and general counsel requires a vote of four commissioners. The Administration strongly urges the House to eliminate this unacceptable provision from the bill. Furthermore, because the provision effectively could remove the current occupants of the positions, it would raise serious constitutional questions under the separation of powers.

Executive Office of the President

The Administration is strongly concerned with a number of provisions related to the Executive Office of the President. It is our hope that any differences that exist concerning these provisions will be resolved as the bill moves through the process.

Amendments Related to Brady Act and Assault Weapons

The Administration supports an amendment agreed to in Committee that would provide up to \$2,000,000 of in-transit relief as compensation for actual losses incurred due to denial of entry of certain assault weapons affected by a determination of the Treasury Department on April 6, 1998.

The Administration is aware that a number of amendments to report language have been agreed to, including one that would urge the Bureau of Alcohol, Tobacco and Firearms (ATF) to consider how to work with the FBI to provide relief for pawnbrokers with respect to the timing and fees for background checks concerning redemption of pawned firearms and one that directs ATF to study the application of antique firearms regulations to certain in-line muzzle loaders. The Administration welcomes the opportunity to report to Congress on these issues.

Internal Revenue Service

The Administration appreciates the Committee's efforts to fund the President's budget request for the IRS. However, if resources for Y2K were struck from the bill, IRS would be significantly underfunded. We look forward to working closely with the House to identify ways in which full funding of the President's request can be achieved.

The Administration appreciates congressional support for IRS information technology investments. However, tying obligation of funds to GAO review of expenditure plans is objectionable since the Administration has no control over the nature or timing of any prospective GAO review.

U.S. Customs Service

The Administration is concerned about the funding level for Customs' Automated Commercial Environment (ACE). Without major revisions to the existing system, Customs cannot keep up with increasing trade volumes nor can it be responsive to the requirements stated in the 1993 Modernization Act and the needs articulated by industry. The Committee has funded only \$8 million of the requested \$56 million level, which would cause the modernization effort to come virtually to a halt. To accommodate the full amount requested, the Administration has proposed funding the majority of ACE requirements through a user fee paid by those who stand to benefit most from this system, the trade community.

Bureau of Alcohol, Tobacco and Firearms

The Administration appreciates the efforts of the Committee to fully fund the President's Youth Crime Gun Interdiction Initiative (YCGII). This initiative is an important part of the Administration's overall strategy to curb youth gun violence. The Administration welcomes an opportunity to report on the performance of the YCGII.

The Administration requests reconsideration of the Violent Crime Coordinator initiative, as the U.S. Attorneys have requested additional ATF support for bringing cases involving violent criminals to the Department of Justice for prosecution.

We are pleased that the Committee shares the Administration's view that relocation of the Bureau of Alcohol, Tobacco and Firearms headquarters staff remains a key concern due

to inadequate security at the present headquarters site. We hope that the Congress will continue to consider funding for this priority when the review process is completed.

Federal Employees Health Benefits Program

The Administration strongly opposes sections 514 and 515 of the bill. These provisions would restrict Federal Employees Health Benefits Program (FEHBP) coverage for abortions except in situations where the life of the mother is endangered or the pregnancy is the result of rape or incest. While the President believes that abortion should be safe, legal, and rare, the Administration does not believe that Federal employees and their families should be precluded from choosing to purchase health insurance that includes broader coverage. The Administration believes that the decision to cover abortion should be left to each health plan participating in the FEHBP. Thus, Federal employees who wish to purchase health coverage that does not include abortion services would have that choice. The provision in the Committee bill does not allow Federal employees and their families to make that choice.

The Administration supports the amendment to require coverage of prescription contraceptives by health plans participating in the Federal Employees Health Benefits Program (FEHBP). We support improvements in basic health care coverage for women and the goal of the amendment -- to reduce unwanted pregnancies and the need for abortion. However, the Administration urges the Congress to give authority to the Office of Personnel and Management to waive the requirement for plans that are sponsored by organizations whose religious beliefs do not support artificial methods of contraception.

Pay Raises

The Administration shares the Committee's concern with the current system for setting and adjusting Federal pay. However, the potential costs and programmatic disruptions should section 644 of the Committee bill be enacted are significant. A Federal employee pay raise of about 15 percent would be automatically triggered in January 2000. Therefore, the Administration urges that this provision be dropped. Under the leadership of the Office of Personnel Management, the Administration is working expeditiously on a reform proposal and, as part of this process, will consult with appropriate stakeholders, including the Congress.

The Administration is disappointed that the bill includes a proposal to eliminate the 1999 pay raise for Federal judges and employees paid under the Executive Schedule. Failure to provide pay raises for senior executives is eroding the value of their pay, causing severe pay compression in the executive ranks. Pay adjustments have been made for such individuals only once in the last five years. If continued, this failure will affect the Government's ability to attract and retain the executive talent that it needs. We urge the House to restore the pay raise for Federal judges and the Executive Schedule.

Firefighter's Pay

The Administration commends the Committee for including a provision (section 639) in the bill to reform the overtime pay system for Federal firefighters. A more rational, understandable, and uniform system for calculating the overtime pay of Federal firefighters is long overdue. The Committee provision would accomplish this important and much-needed legislative change and reflects a consensus agreement among the various stakeholders, such as affected executive branch agencies and employee organizations.

United States Trade Representative

The Administration opposes the provision that would make the U.S. Trade Representative the United States representative to the Universal Postal Union. The U.S. Trade Representative lacks the resources and expertise in postal administration to take on this responsibility. In addition, this provision would repeal the authority of the Postal Service to establish international postage rates. We urge that this provision be dropped.

United States Postal Service

The Administration is concerned that the Committee bill would prohibit the Postal Service from initiating new non-postal commercial activities or pack and send services. An appropriations bill should not be used to legislate such restrictions on Postal Service operations.

Office of National Drug Control Policy (ONDCP)

The Administration appreciates the support the Committee has provided for drug control efforts in general, and for ONDCP in particular. The Administration encourages the House to provide the full amount requested for the Special Forfeiture Fund as anything less would adversely impact our ability to continue moving towards our mutual goal of reducing drug use. Failing to fully fund this request would negatively impact the National Drug Control Strategy and our efforts to meet the targets established in the Performance Measures of Effectiveness system. The House could fund this spending, in part, by reducing amounts earmarked by the Committee for an unrequested technology transfer program.

Federal Buildings Fund

The Committee has not provided \$14 million requested for the design of a new Department of Transportation (DOT) Headquarters. Instead, the Committee urges GSA to enter into a lease transaction, as authorized by the House Transportation and Infrastructure Committee and the Senate Environment and Public Works Committee. The Administration requests that the House provide funding for the design of a new DOT Headquarters. Providing for a government-owned building would save taxpayers approximately \$190 million, in present value terms, compared to the cost of entering into a lease.

The Committee bill would delay the availability of funding until September 30, 1999, for the repair and alterations program (\$19 million) and building operations program (\$223 million). The Administration is concerned that a delay in obligations of this amount for buildings operations would impede GSA's ability to operate and maintain Federal facilities under its control.

The Administration is also concerned that the Committee bill has approved over \$500 million for 15 unrequested courthouse construction projects.

National Bioethics Advisory Commission

The Administration objects to section 628 of the Committee bill, which would prevent interagency funding of the National Bioethics Advisory Commission. The work of the Commission affects at least 15 Federal agencies. Access to interagency funding is essential for continued operations of this small, but important commission.

Potential Amendment Related to Peer Review

The Administration strongly opposes an amendment that may be offered mandating peer review of "scientific data" supporting final regulations. The Administration is committed to using the best possible science and peer review for rule-making. However, this amendment is unnecessary, inappropriate and wasteful. Peer review is currently incorporated in the Government-wide rule-making process where it is needed through extensive outreach, public comment, and scientific advisory boards. This amendment as drafted mandates a one-size-fits-all requirement that would serve only to delay important government action, in particular, rules designed to protect health safety and the environment. It would impose a costly additional step in the regulatory process and would cover a large heterogeneous set of rules, as diverse as meat and poultry inspection rules, airplane and automobile safety standards, FDA drug and device approvals, and rules to ensure safe drinking water and clean air. This would impose an undue burden on numerous final rules by requiring substantial personnel and other resources and could result in significant delays on important public health and safety rules.

Dissemination of Public Information

Report language in the bill urges OMB to issue rules for how public information (including statistical information) is disseminated by Federal agencies, States and local governments, Federal contractors, and universities and other Federal grantees. This new layer of Federal regulation is unnecessary and unwise. Federal agencies have for decades released public information on a variety of subjects, ranging from economic statistics to weather reports, and the agencies have strived to provide information that is accurate as well as timely. Thus, we agree with the goal of the report language to maximize the quality of publicly-disseminated information, and OMB and the agencies have pursued this goal through the review under the Paperwork Reduction Act of the regulations, surveys, and forms that collect the information.

However, we do not believe that this goal is furthered by having OMB establish a new set of Government-wide complaint and evaluation procedures for the dissemination of information. We are not aware of either the Congress or the Executive Branch receiving any widespread or frequent complaints about publicly-disseminated information, and in absence of any evidence of a problem, it is unwise to legislate a specific remedy through report language without the benefit of agency or public views. By extending the reach of these rules to cover State and local governments and other non-Federal entities, the report language would impose new unfunded Federal mandates and, contrary to the spirit of the First Amendment, would represent a significant Federal intrusion into how these non-Federal entities communicate with the public on public matters.

Bureau of Engraving and Printing

The Administration objects to section 116 of the Committee bill, which would prevent the Bureau of Engraving and Printing from awarding a contract for currency paper under an ongoing competitive procurement without prior congressional approval. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS vs. Chadha*.

June 24, 1998
(House)

H.R. 4104 - TREASURY AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1999
(Sponsors: Livingston (R), Louisiana; Kolbe (R), Arizona)

This Statement of Administration Policy provides the Administration's views on the Treasury and General Government Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate the President's priorities within the 302(b) allocation. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the recently enacted Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We encourage the Congress to take advantage of such additional offsets, or to reduce appropriations for programs or projects not requested by the President in order to fund requested levels for items discussed below.

Below is a discussion of our specific concerns with the Committee-reported bill. We look forward to working with you to resolve these concerns as the bill moves forward.

Year 2000 Computer Conversion

The Administration appreciates the emphasis that the Committee has placed on year 2000 (Y2K) computer conversion activities. OMB will continue to assist all agencies in ensuring that adequate resources are available to address this critical issue. In the FY 1999 Budget, the President has requested more than \$1 billion for Y2K computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs.

As we learn more about how to address this problem, we expect that ensuring Government-wide compliance will require flexibility to respond to unanticipated requirements. To the extent such unanticipated requirements are identified, it will be essential to make that funding available quickly. It will truly be emergency funding. The emergency mechanism recently approved by the House Appropriations Committee provides such flexibility.

Yesterday, the Rules Committee approved a rule that would strip the emergency funding mechanism from the bill. This regrettable action will not help agencies move forward in addressing this problem. We note that the Committee bill allocates funds from the emergency reserve for Treasury and other agency Year 2000 (Y2K) needs. If the

emergency reserve is not funded, the Congress will need to find other ways to fund Treasury's critical Y2K needs.

The value of the emergency mechanism approved by the House Appropriations Committee is the flexibility it provides in the event that we determine that additional resources are required. We have only 555 days until January 1, 2000. We want to solve this problem as soon as possible. Delaying approval of emergency funding and reopening the issue of the use of the emergency spending authority would create controversy and delay. We hope that the House will reconsider.

Exchange Stabilization Fund

The Administration has serious concerns that an amendment to restrict severely the use of the Exchange Stabilization Fund (ESF) may be considered as part of the bill. Such an amendment would constitute an unacceptable limitation on the executive branch's ability to protect critical U.S. economic interests. The Secretary of Treasury would recommend a veto if the provision is included in the bill.

Federal Election Commission

The Administration strongly objects to language included in the bill that would limit the term of the Federal Election Commission's staff director and general counsel to four years and require a vote of four commissioners to reappoint them. This procedure is a departure from current practice, established in statute, whereby the Commission appoints a staff director and general counsel for an unlimited term. As with all Commission decisions under current practice, removal of the staff director and general counsel requires a vote of four commissioners. The Administration strongly urges the House to eliminate this unacceptable provision from the bill. Furthermore, because the provision effectively could remove the current occupants of the positions, it would raise serious constitutional questions under the separation of powers.

Executive Office of the President

The Administration is strongly concerned with a number of provisions related to the Executive Office of the President. It is our hope that any differences that exist concerning these provisions will be resolved as the bill moves through the process.

Internal Revenue Service

The Administration appreciates the Committee's efforts to fund the President's budget request for the IRS. However, if resources for Y2K are struck from the bill, IRS would be significantly underfunded. We look forward to working closely with the House to identify ways in which full funding of the President's request can be achieved.

The Administration appreciates congressional support for IRS information technology investments. However, tying obligation of funds to GAO review of expenditure plans is

objectionable since the Administration has no control over the nature or timing of any prospective GAO review.

U.S. Customs Service

The Administration is concerned about the funding level for Customs' Automated Commercial Environment (ACE). Without major revisions to the existing system, Customs cannot keep up with increasing trade volumes nor can it be responsive to the requirements stated in the 1993 Modernization Act and the needs articulated by industry. The Committee has funded only \$8 million of the requested \$56 million level, which would cause the modernization effort to come virtually to a halt. To accommodate the full amount requested, the Administration has proposed funding the majority of ACE requirements through a user fee paid by those who stand to benefit most from this system, the trade community.

Bureau of Alcohol, Tobacco and Firearms

The Administration appreciates the efforts of the Committee to fully fund the President's Youth Crime Gun Interdiction Initiative (YCGII). This initiative is an important part of the Administration's overall strategy to curb youth gun violence. The Administration welcomes an opportunity to report on the performance of the YCGII.

The Administration requests reconsideration of the Violent Crime Coordinator initiative, as the U.S. Attorneys have requested additional ATF support for bringing cases involving violent criminals to the Department of Justice for prosecution.

We are pleased that the Committee shares the Administration's view that relocation of the Bureau of Alcohol, Tobacco and Firearms headquarters staff remains a key concern due to inadequate security at the present headquarters site. We hope that the Congress will continue to consider funding for this priority when the review process is completed.

Federal Employees Health Benefits Program

The Administration strongly opposes sections 514 and 515 of the bill. These provisions would restrict Federal Employees Health Benefits Program (FEHBP) coverage for abortions except in situations where the life of the mother is endangered or the pregnancy is the result of rape or incest. While the President believes that abortion should be safe, legal, and rare, the Administration does not believe that Federal employees and their families should be precluded from choosing to purchase health insurance that includes broader coverage. The Administration believes that the decision to cover abortion should be left to each health plan participating in the FEHBP. Thus, Federal employees who wish to purchase health coverage that does not include abortion services would have that choice. The provision in the Committee bill does not allow Federal employees and their families to make that choice.

The Administration supports the Committee reported provision which requires coverage of prescription contraceptives by health plans participating in the Federal Employees Health Benefits Program (FEHBP) and would oppose an amendment to strike it. We support improvements in basic health care coverage for women and the goal of the amendment -- to reduce unwanted pregnancies and the need for abortion. However, the Administration urges the Congress to give authority to the Office of Personnel and Management to waive the requirement for plans that are sponsored by organizations whose religious beliefs do not support artificial methods of contraception.

The rule under which the bill will be considered by the House makes in order an amendment that would restrict the definition of contraceptives to exclude any drug, device, or procedure "which has as one of its known effects the interference with the implantation of a fertilized human ovum or embryo." The Administration would strongly oppose such an amendment, which could result in the denial of safe and legal contraceptive options to Federal workers. Further, such an amendment would interfere with physician decision-making and communication with patients, as it may restrict the ability of physicians to discuss such treatment options with patients.

Pay Raises

The Administration shares the Committee's concern with the current system for setting and adjusting Federal pay. However, the potential costs and programmatic disruptions should section 644 of the Committee bill be enacted are significant. A Federal employee pay raise of about 15 percent would be automatically triggered in January 2000. Therefore, the Administration urges that this provision be dropped. Under the leadership of the Office of Personnel Management, the Administration is working expeditiously on a reform proposal and, as part of this process, will consult with appropriate stakeholders, including the Congress.

The Administration is disappointed that the bill includes a proposal to eliminate the 1999 pay raise for Federal judges and employees paid under the Executive Schedule. Failure to provide pay raises for senior executives is eroding the value of their pay, causing severe pay compression in the executive ranks. Pay adjustments have been made for such individuals only once in the last five years. If continued, this failure will affect the Government's ability to attract and retain the executive talent that it needs. We urge the House to restore the pay raise for Federal judges and the Executive Schedule.

Firefighter's Pay

The Administration commends the Committee for including a provision (section 639) in the bill to reform the overtime pay system for Federal firefighters. A more rational, understandable, and uniform system for calculating the overtime pay of Federal firefighters is long overdue. The Committee provision would accomplish this important and much-needed legislative change and reflects a consensus agreement among the various stakeholders, such as affected executive branch agencies and employee organizations.

United States Trade Representative

The Administration opposes the provision that would make the U.S. Trade Representative the United States representative to the Universal Postal Union. The U.S. Trade Representative lacks the resources and expertise in postal administration to take on this responsibility. In addition, this provision would repeal the authority of the Postal Service to establish international postage rates. We urge that this provision be dropped.

United States Postal Service

The Administration is concerned that the Committee bill would prohibit the Postal Service from initiating new non-postal commercial activities or pack and send services. An appropriations bill should not be used to legislate such restrictions on Postal Service operations.

Office of National Drug Control Policy (ONDCP)

The Administration appreciates the support the Committee has provided for drug control efforts in general, and for ONDCP in particular. The Administration encourages the House to provide the full amount requested for the Special Forfeiture Fund as anything less would adversely impact our ability to continue moving towards our mutual goal of reducing drug use. Failing to fully fund this request would negatively impact the National Drug Control Strategy and our efforts to meet the targets established in the Performance Measures of Effectiveness system. The House could fund this spending, in part, by reducing amounts earmarked by the Committee for an unrequested technology transfer program.

Federal Buildings Fund

The Committee has not provided \$14 million requested for the design of a new Department of Transportation (DOT) Headquarters. Instead, the Committee urges GSA to enter into a lease transaction, as authorized by the House Transportation and Infrastructure Committee and the Senate Environment and Public Works Committee. The Administration requests that the House provide funding for the design of a new DOT Headquarters. Providing for a government-owned building would save taxpayers approximately \$190 million, in present value terms, compared to the cost of entering into a lease.

The Committee bill would delay the availability of funding until September 30, 1999, for the repair and alterations program (\$19 million) and building operations program (\$223 million). The Administration is concerned that a delay in obligations of this amount for buildings operations would impede GSA's ability to operate and maintain Federal facilities under its control.

The Administration is also concerned that the Committee bill has approved over \$500 million for 15 unrequested courthouse construction projects.

National Bioethics Advisory Commission

The Administration objects to section 628 of the Committee bill, which would prevent interagency funding of the National Bioethics Advisory Commission. The work of the Commission affects at least 15 Federal agencies. Access to interagency funding is essential for continued operations of this small, but important commission.

Bureau of Engraving and Printing

The Administration objects to section 116 of the Committee bill, which would prevent the Bureau of Engraving and Printing from awarding a contract for currency paper under an ongoing competitive procurement without prior congressional approval. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS vs. Chadha*.

Potential Amendment Related to Peer Review

The Administration strongly opposes an amendment that may be offered mandating peer review of "scientific data" supporting final regulations. The Administration is committed to using the best possible science and peer review for rule-making. However, this amendment is unnecessary, inappropriate and wasteful. Peer review is currently incorporated in the Government-wide rule-making process where it is needed through extensive outreach, public comment, and scientific advisory boards. This amendment as drafted mandates a one-size-fits-all requirement that would serve only to delay important government action, in particular, rules designed to protect health safety and the environment. It would impose a costly additional step in the regulatory process and would cover a large heterogeneous set of rules, as diverse as meat and poultry inspection rules, airplane and automobile safety standards, FDA drug and device approvals, and rules to ensure safe drinking water and clean air. This would impose an undue burden on numerous final rules by requiring substantial personnel and other resources and could result in significant delays on important public health and safety rules.

Potential Amendment Related to Presidential Executive Order

The Administration would oppose an amendment that may be offered that would prohibit the use of funds in the Act for implementing the May 28, 1998, Presidential Executive Order which provides a uniform policy for the Federal Government to prohibit employment discrimination based on sexual orientation in the federal civilian workforce.

July 21, 1998
(House)

H.R. 4193 - DEPARTMENT OF THE INTERIOR
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999
(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 4193, the Department of the Interior and Related Agencies Appropriations Bill, FY 1999. Your consideration of the Administration's views would be appreciated.

The Administration urges the House to pass a clean bill that does not attempt to roll back environmental protections and circumvent the proper public process by attaching riders to appropriation bills. Regrettably, the Committee bill under-funds priority programs and includes damaging riders, such as the provision concerning the Interior Columbia Basin Ecosystem Management Project. In addition, it is our understanding that, if adopted, the rule for consideration of the bill will permit a single Member to strike all funding for the National Endowment for the Arts. Based on these concerns, if the Committee bill, as modified by the rule and associated motion, were presented to the President, the President's senior advisers would recommend that he veto the bill.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation such as funding for national park operations. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a variety of critical programs are under-funded. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs together with mandatory offsets. The Administration urges the Congress to consider such mandatory proposals for other priority discretionary programs.

Below is a discussion of our specific concerns with the Committee bill. We look forward to working with the House to resolve these concerns as the bill moves forward.

Departments of the Interior and Agriculture

The Administration appreciates the Committee's funding of maintenance programs, particularly those for health and safety, in Interior's land management agencies. However, the Administration strongly objects to inadequate funding provided by the Committee for high priority programs within the Department of the Interior and the Department of Agriculture, including Committee actions that would:

reduce by more than half the \$270 million requested from the Land and Water Conservation Fund to protect our national parks, forests, refuges, and public lands, with

Everglades land acquisition funds cut by 75 percent. This drastic reduction in funding would prevent the Administration from making significant land acquisitions such as Cumberland Island National Seashore in Georgia and West Eugene Wetland in Oregon;

provide no funding for the Millennium program protecting artifacts of our National heritage (see discussion below);

deny most of the requested \$128 million increase for Interior and the Forest Service to implement the Clean Water Action Plan;

fail to provide the requested \$15 million for the Disaster Information Network providing enhanced data to protect Americans;

deny \$29 million of the \$36 million increase requested for the Endangered Species funding, including landowner incentive grants;

fail to provide requested increases for the Bureau of Indian Affairs education operations and construction, the Indian Country law enforcement initiative, and the land consolidation pilot project and other trust system reforms;

provide little or no funding for hazardous fuels reduction in most of California by allocating a disproportionate amount of available funds to the "Quincy Library Group" project in California;

make significant reductions to the Forest Service's Wildlife and Fisheries Management, Rangeland Management, and Watershed Improvement programs, which would limit rangeland vegetative restoration and limit watershed improvements with approximately 12,250 fewer watershed acres protected or restored; and,

eliminate the Forest Service's Stewardship Incentive Program and significantly reduce its Forest Legacy Program. Both of these programs support local communities and private landowners and effectively leverage Federal funds.

Forest Service General Administration. The rule would shift \$67 million from General Administration to wildland fire suppression. This is unnecessary since the Committee mark is at the request level and a \$250 million contingency is available for use if necessary. Such a transfer would deprive individual national forests of important on-the-ground natural resource management capability, delay needed Forest Service computer system and financial accountability improvements, and unwisely eliminate key agency leadership positions.

Priority Land Acquisition Funding. The Administration objects to the Committee's continued inaction on the promised congressional release of the \$362 million appropriated from the Land and Water Conservation Fund in FY 1998. As requested by Congress, the Administration has submitted a list of proposed land acquisitions. In response, the Committee has not only held back the FY 1998 Title V funding but also has

funded some items on the Administration's FY 1998 list with FY 1999 funding, resulting in critical acquisitions planned for both years being delayed and unfunded.

Millennium Program. The Administration strongly urges the House to provide funding in FY 1999 for the "Millennium Program to Save America's Treasures." The Committee has failed to provide any funding for this important effort. The President's budget requests \$50 million to increase the Historic Preservation Fund to make a special effort to preserve our history and culture as we enter the new millennium. This program is designed to leverage Federal, State, and private funding to have the greatest collective impact on our rapidly deteriorating national treasures.

Purchaser Road Credit Program. The Administration fully supports the Committee's decision to eliminate the Purchaser Road credit program. The Committee bill includes a provision that would ensure that the value of road construction by purchasers continues to be included in calculations for the Payments to States. To permit increased certainty and better local planning more directly, we urge the House to adopt the Administration's proposal to provide a high, fixed level of payments to States.

Timber Sales. The Administration objects to the increase of \$12 million over the request for timber sales in order to produce 3.6 billion board feet, 200 million board feet over the budget estimate.

Language Provisions

The Administration strongly objects to certain language in the Committee bill, including provisions that would:

unwisely terminate the Interior Columbia Basin Ecosystem Management Project in six Northwest States, forcing individual amendments to 74 land management plans;

remove 75 acres in Florida from the coastal barrier protection system, providing taxpayer subsidies for private development of environmentally fragile barrier islands;

prevent the BIA and the Indian Health Service from entering into any new or expanded self-determination "Section 638" contracts or self-governance compacts with tribes, contrary to our government-to-government policy;

prohibit improvements -- even planning or design of improvements -- to Pennsylvania Avenue in front of the White House;

transfer the jurisdiction over the valued Land Between The Lakes National Recreation Area from the Tennessee Valley Authority, where it has been successfully managed for over sixty years, to the U.S. Forest Service, a disruptive change that would involve additional transition costs without improving service; and,

impose a road easement across the Chugach National Forest in Alaska, thereby preventing the Government from making modifications to protect the environment while authorizing environmentally damaging management practices and undermining an ongoing discussion to determine the most appropriate road corridor based on a 1982 agreement.

Indian Health Service (Department of Health and Human Services)

The Administration is concerned that the Committee has not included a \$10 million increase requested for prevention and treatment of alcohol/substance abuse and breast/cervical cancer, which is part of an HHS-wide effort to reduce health disparities in minority populations. The Administration intends to work with the Congress to fund these important initiatives within funds available for the Indian Health Service. The Administration is also concerned that the Committee has included authorizing language, without hearings or tribal consultation, that would require contract support costs to be distributed to tribes and tribal organizations on a pro-rata (proportional) basis.

Department of Energy

The Administration strongly objects to the House's severe reduction to the Department of Energy's Energy Conservation program. While the Committee mark appears to be \$18 million higher than the FY 1998 enacted level (\$630 million vs. \$612 million), it includes \$43 million for a program that previously has been funded in the Fossil Energy R&D account. The House's funding for the programs traditionally included in the Energy Conservation Account is \$587 million, a cut of \$25 million from the FY 1998 level and a reduction of \$222 million from the President's request of \$809 million. Within this reduction, particularly severe damage is done to the Partnership for a New Generation of Vehicles (PNGV), for which the Committee mark is \$14 million (roughly 10 percent) less than the current appropriation and \$45 million below the request.

These cuts would eliminate all of the Administration's requested increase in Energy Conservation for development of technologies to improve industrial, transportation, and building efficiencies and to reduce carbon emissions. The inclusion of several special-interest earmarks in the Committee Report also would reduce the President's ability to gain maximum benefit from the available funds. The inclusion of the \$43 million in the Energy Conservation account to fund a utility-scale turbine program that would continue to be managed by the Fossil Energy program is an inefficient management practice that would dilute accountability and should be avoided.

The Committee mark eliminates all of the funding requested for the Energy Information Administration to work on carbon emissions accounting and analysis (\$2.5 million), and eliminates all of the requested increase in Fossil Energy R&D for high-priority carbon sequestration research (\$10 million). The President's budget also requested \$36 million for payment to the State of California for the Retired Teachers System, which is not included in the Committee mark. The Administration prefers that this payment be appropriated consistent with P.L. 104-106.

The Administration would like to work with the Congress to restore funding to these important Department of Energy programs as the bill moves through the process.

National Foundation on the Arts and Humanities

The Administration appreciates the Full Committee's restoration of funding for the National Endowment for the Arts (NEA). The Administration strongly objects to striking NEA funding and strongly supports the amendment to restore such funding. We urge the House to provide funding for NEA and NEH at the President's requested level of \$136 million each and for the Institute for Museum and Library Services at the requested level of \$26 million.

Year 2000 Computer Conversion

In the FY 1999 Budget, the President has requested more than \$1 billion for Y2K computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. It is essential to make Y2K funding available quickly and flexibly. The House action striking the emergency fund in the Treasury and General Government Appropriations bill is very troubling, particularly in light of several Subcommittees, including the Interior Subcommittee, deciding to not fund the base Y2K request for several agencies.

Smithsonian Institution

The Committee's \$397 million overall funding level for the Smithsonian, which is \$22 million less than the Administration's request, would prevent the Institution from addressing current pressing needs. The Administration is concerned with the lack of support for the Smithsonian's National Museum of the American Indian. The Administration encourages the Committee to provide the \$16 million request for the construction of the Museum on the Mall, as well as the full \$11 million requested for the programs and operations of the Cultural Resources Center. In addition, the Administration urges that the \$3 million request for digitization of Smithsonian exhibits be restored.

John F. Kennedy Center for the Performing Arts

The Administration urges the House to provide the full \$33 million requested for the Kennedy Center. In particular, we ask that the Committee provide the full construction request of \$20 million, which is also included in the Administration's pending authorization bill.

Holocaust Museum

The Administration urges the House to provide the full \$32.6 million requested for the Holocaust Museum.

Infringement on Executive Authority

There are several provisions in the Committee bill that purport to require congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS vs. Chadha*.

July 15, 1998
(House Rules)

H.R. 4194 - DEPARTMENTS OF VETERANS AFFAIRS
AND HOUSING AND URBAN DEVELOPMENT,
AND INDEPENDENT AGENCIES APPROPRIATIONS
BILL, FY 1999
(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 4194, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, critical programs are not funded or are underfunded, in particular, key Presidential priorities such as funding for National Service, Superfund, and climate change. Furthermore, the Administration is very concerned that the Committee has included problematic language regarding the Kyoto Protocol and other issues. Finally, the Administration understands that an amendment may be offered to include unacceptable provisions now contained in H.R. 2, such as income targeting. If the bill were presented to the President without responding to these concerns, the President's senior advisers would recommend that he **veto** the bill.

The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually agreeable mandatory and other offsets that could be used to increase high-priority discretionary programs, including those funded by this bill.

Below is a discussion of our specific concerns with the Committee bill. We look forward to working with the House to resolve these concerns as the bill moves forward.

Corporation for National and Community Service

The Administration strongly objects to the termination of the Corporation for National and Community Service, one of the Administration's top priorities. Eliminating funding for the Corporation would deny more than 49,000 Americans the opportunity to serve as AmeriCorps members in projects such as America Reads, the Administration's effort to raise student literacy through the use of tutors to supplement the school day activities. In

addition, over one million students of all ages would forego the chance to participate in service learning activities in their schools and neighborhoods. The funding level in the Committee bill for the Corporation for National and Community Service is unacceptable.

Environmental Protection Agency

The Administration has several major concerns with the Committee's mark for the Environmental Protection Agency. In particular, the Administration strongly objects to the \$593 million, or 28-percent, reduction to the President's request for Superfund, which would delay cleanups at sites nationwide and needlessly jeopardize public health. In addition, the Administration opposes the \$16 million, or 18-percent, reduction to the request for brownfields funding as well as restrictive bill language that would hamper achievement of brownfield cleanups by preventing their use for removals, cleanups, and revolving loan funds. The Administration urges the House to restore Superfund to the requested level and to delete the restrictive brownfields language.

The Administration strongly opposes the Committee's \$106 million reduction in EPA funding for the Climate Change Technology Initiative. This high-priority program should be funded fully to cut energy usage, save consumers money, and reduce greenhouse gas emissions. We will work with the Congress to restore requested funding as the bill moves forward.

The Administration strongly opposes bill and report language relating to the Kyoto Protocol that applies to the EPA and the Council on Environmental Quality. While the Administration could not and would not implement the Protocol until it is ratified, the bill language could be interpreted broadly to prevent activities that limit greenhouse gases -- for example, through enhancing energy efficiency -- but that are authorized under current law. The report language also inappropriately purports to prevent the Executive Branch from engaging in educational and outreach activities related to treaty negotiations and other aspects of climate change. The Administration opposes this and other riders because they inappropriately use the legislative process by denying the public and Members of Congress the opportunity to examine and debate these proposals openly.

The Administration appreciates the Committee's providing full funding for the President's Clean Water Action Plan, which is designed to prevent pollution run-off and protect public health. The Administration urges the Committee to provide the full \$50 million request to help improve water quality in Boston Harbor and prevent beach closings.

The Administration is concerned with the large number of unrequested, earmarked projects in the Committee mark for EPA, particularly when the Committee has reduced several other high-priority Administration initiatives, including right-to-know programs, Montreal Protocol, GLOBE, and Mexican border wastewater treatment funding.

Department of Housing and Urban Development

The Administration is concerned about the funding levels provided for key programs of the Department of Housing and Urban Development, particularly for welfare-to-work housing vouchers and other programs, such as the Community Empowerment Fund, that would expand job opportunities.

The Administration appreciates the Committee's decision to fund 17,700 incremental "Welfare-to-Work" housing vouchers. With millions of families needing to make the transition from welfare to work, and in light of recent studies that show historically high unmet housing needs among very low-income Americans, the Administration believes it is critical for the Congress to fund the entire 50,000 welfare-to-work housing vouchers provided for in the President's request. Welfare-to-work housing vouchers will support implementation of welfare reform by assisting those welfare recipients who need housing assistance to get or keep a job.

The Administration also encourages the Congress to fund fully the President's request for \$400 million for an Economic Development Initiative Community Empowerment Fund to generate jobs in distressed communities. The Committee has cut the request by \$350 million, providing only \$50 million, as a set-aside within the existing CDBG program.

The Administration appreciates the Committee's decisions to fund a number of programs at the levels requested, including the Partnership for Advancing Technologies in Housing (PATH) initiative, and to renew all expiring Section 8 contracts. The Administration is encouraged that the Committee has provided funding for half the President's request for Regional Opportunity Counseling, a voluntary effort to expand the housing and employment opportunities available to low-income families. We urge full funding of the President's request for this program. We are also pleased by the Committee's decision to provide \$80 million for the Office of Lead Hazard Control, to reduce the risk of childhood lead poisoning and other health hazards. The Administration encourages the Congress to fund fully a number of other areas -- Homeless Assistance, Brownfields, and Regional Connections--and to end the ninety-day delay in reissuing of Section 8 certificates/vouchers on turnover.

The Administration is very concerned that the Subcommittee has not included language extending the repeal of one-for-one replacement for public housing. Without this language, the bipartisan goal of demolishing 100,000 of the worst public housing units by FY 2003 may not be achieved.

The Administration is pleased with the Committee's decision to support an audit-based enforcement initiative for the Fair Housing Initiatives program. We urge the Congress to fund fully this critical fair housing initiative to reduce the level of housing discrimination.

The Administration urges the Congress to adopt the Administration's proposal to reform HUD's single-family property disposition program, which would produce substantial savings by improving the efficiency of FHA's property disposition processes and would permit the Committee to provide additional resources to critical Committee programs. In

addition, we support providing greater homeownership opportunities by increasing the FHA loan limit to the GSE "conforming" limit.

Council on Environmental Quality

The Administration appreciates the modest increase over the FY 1998 level provided for the Council on Environmental Quality (CEQ). However, we strongly believe that in order to allow CEQ to carry out its environmental mission and reinvention efforts, the full requested level should be provided, and language prohibiting use of detailees should be deleted.

Community Development Financial Institutions Fund

The Administration strongly urges the Committee to fund the Community Development Financial Institutions Fund at the requested level. The Committee's decision to reduce the request by \$45 million would severely reduce the Fund's ability to leverage investments, loans, and financial services in the country's most distressed communities.

National Aeronautics and Space Administration

The Administration is concerned with the Committee's reductions to the requests for the International Space Station, Space Shuttle, and Earth Science programs. Full funding in FY 1999 for Space Station is critical as the United States and our International Partners are in a peak period of development and integration, and proceeding toward First Element Launch later this year. Further, the Administration is particularly concerned about bill language prohibiting the use of funds for the Triana project. Triana offers a unique opportunity to educate and engage students in all phases of the mission. Its observations could potentially be used in meteorology and environmental monitoring, as well as for commercial purposes. The Administration will work with the Congress to enable restoration of funding for these priority programs as the bill proceeds. The Administration is also concerned over the large number of unrequested, site-specific earmarks, which would have the effect of circumventing the competitive, peer review process and are paid for, in part, with serious reductions to priority programs.

Federal Emergency Management Agency

The Administration appreciates the level of funding provided by the Committee for the Federal Emergency Management Agency. However, we believe that the \$20 million reduction to the President's request for pre-disaster mitigation grants is shortsighted. These grants would help reduce the cost of future disasters by leveraging local and private-sector support for enhanced mitigation efforts at the State and community level. We urge the Committee to fund fully the President's request for this important initiative. In addition, we urge the Committee to approve our recent request for funding to help States and communities prepare for potential terrorist incidents involving chemical and/or biological weapons.

National Science Foundation

Given the budget constraints facing the Committee, the Administration appreciates the effort to provide a \$268 million increase over the FY 1998 level for the National Science Foundation (NSF). Nevertheless, the Administration is concerned with the reduction to the request for education and human resources and the elimination of funds for the proposed Polar Cap Observatory and NSF funds for the GLOBE program. The Administration is firmly committed to NSF's research and education activities, which not only promote scientific advancement but also contribute to economic development. We strongly urge the Congress to provide the full increase requested for NSF for its research, equipment, and education activities.

Neighborhood Reinvestment Corporation

The Administration is pleased by the Committee's decision to provide the President's full request for the Neighborhood Reinvestment Corporation (NRC). The NRC has a proven, successful record of leveraging private sector resources to promote homeownership and helping strengthen America's communities. This funding would provide an additional \$25 million for a homeownership initiative that seeks to create 10,000 new homeowners through FY 2000.

Consumer Product Safety Commission

The Administration opposes bill language that would block the Consumer Product Safety Commission's ability to promulgate rules to reduce the flammability of upholstered furniture. This language intrudes upon CPSC's ability, as well the ability of other agencies, to carry out their responsibilities. Furthermore, these efforts to block the development of a new safety standard represent a threat to public health.

Potential Amendment Related to Peer Review

The Administration strongly opposes an amendment that may be offered mandating peer review of "scientific data" supporting final regulations. The Administration is committed to using the best possible science and peer review for rule-making. However, this amendment is unnecessary, inappropriate, and wasteful. Peer review is currently incorporated in the Government-wide rule-making process, where it is needed, through extensive outreach, public comment, and scientific advisory boards. As drafted, this amendment would mandate a one-size-fits-all requirement that would serve only to delay important government action, in particular, rules designed to protect health safety and the environment. It would impose a costly additional step in the regulatory process and could cover a large, heterogeneous set of rules, as diverse as meat and poultry inspection rules, airplane and automobile safety standards, FDA drug and device approvals, and rules to ensure safe drinking water and clean air. This would impose an undue burden on numerous final rules by requiring substantial personnel and other resources and could result in significant delays on important public health and safety rules.

July 16, 1998
(House)

H.R. 4194 - DEPARTMENTS OF VETERANS AFFAIRS
AND HOUSING AND URBAN DEVELOPMENT,
AND INDEPENDENT AGENCIES APPROPRIATIONS
BILL, FY 1999
(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 4194, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, critical programs are not funded or are underfunded, in particular, key Presidential priorities such as funding for National Service, Superfund, and climate change. Furthermore, the Administration is very concerned that the Committee has included problematic language regarding the Kyoto Protocol and other issues. Finally, the Administration understands that an amendment will be offered to include unacceptable provisions now contained in H.R. 2, such as those relaxing income targeting. If the bill were presented to the President without responding to these concerns, the President's senior advisers would recommend that he **veto** the bill.

The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually agreeable mandatory and other offsets that could be used to increase high-priority discretionary programs, including those funded by this bill.

Below is a discussion of our specific concerns with the Committee bill. We look forward to working with the House to resolve these concerns as the bill moves forward.

Corporation for National and Community Service

The Administration strongly objects to the termination of the Corporation for National and Community Service, one of the Administration's top priorities. Eliminating funding for the Corporation would deny more than 49,000 Americans the opportunity to serve as AmeriCorps members in projects such as America Reads, the Administration's effort to raise student literacy through the use of tutors to supplement the school day activities. In

addition, over one million students of all ages would forego the chance to participate in service learning activities in their schools and neighborhoods. The funding level in the Committee bill for the Corporation for National and Community Service is unacceptable.

Environmental Protection Agency

The Administration has several major concerns with the Committee's mark for the Environmental Protection Agency. In particular, the Administration strongly objects to the \$593 million, or 28-percent, reduction to the President's request for Superfund, which would delay cleanups at sites nationwide and needlessly jeopardize public health. In addition, the Administration opposes the \$16 million, or 18-percent, reduction to the request for brownfields funding as well as restrictive bill language that would hamper achievement of brownfield cleanups by preventing their use for removals, cleanups, and revolving loan funds. The Administration urges the House to restore Superfund to the requested level. The Administration strongly supports an amendment that may be offered to delete the restrictive brownfields language.

The Administration strongly opposes the Committee's \$106 million reduction in EPA funding for the Climate Change Technology Initiative. This high-priority program should be funded fully to cut energy usage, save consumers money, and reduce greenhouse gas emissions. We will work with the Congress to restore requested funding as the bill moves forward.

The Administration strongly opposes bill and report language relating to the Kyoto Protocol that applies to the EPA and the Council on Environmental Quality. While the Administration could not and would not implement the Protocol until it is ratified, the bill language could be interpreted broadly to prevent activities that limit greenhouse gases -- for example, through enhancing energy efficiency -- but that are authorized under current law. The report language also inappropriately purports to prevent the Executive Branch from engaging in educational and outreach activities related to treaty negotiations and other aspects of climate change. The Administration opposes this and other riders because they inappropriately use the legislative process by denying the public and Members of Congress the opportunity to examine and debate these proposals openly.

The Administration appreciates the Committee's providing full funding for the President's Clean Water Action Plan, which is designed to prevent pollution run-off and protect public health. The Administration urges the Committee to provide the full \$50 million request to help improve water quality in Boston Harbor and prevent beach closings.

The Administration is concerned with the large number of unrequested, earmarked projects in the Committee mark for EPA, particularly when the Committee has reduced several other high-priority Administration initiatives, including right-to-know programs, Montreal Protocol, GLOBE, and Mexican border wastewater treatment funding.

Department of Housing and Urban Development

The Administration understands that an amendment will be offered to add H.R. 2, the Public Housing Reform and Responsibility Act of 1997, to the bill. H.R. 2 includes unacceptable provisions. For example, by changing the income targeting at admission for public and Section 8 assisted housing, H.R. 2 would shift subsidies from the poorest families, many of whom are working, to families with incomes sufficient to have greater housing choices. Such provisions would increase homelessness and hardship at a time when record numbers of Americans cannot afford even basic housing. The Administration supports reasonable measures to encourage a range of incomes in public housing and thereby reduce concentrations of poverty. The Administration can find no rationale, however, for relaxing the income targeting of Section 8 subsidies that can be used throughout a community. We must not allow those with the most desperate housing needs to be left out in the name of housing reform.

The Administration is concerned about the funding levels provided for key programs of the Department of Housing and Urban Development, particularly for welfare-to-work housing vouchers and other programs, such as the Community Empowerment Fund, that would expand job opportunities.

The Administration appreciates the Committee's decision to fund 17,700 incremental "Welfare-to-Work" housing vouchers. The Administration would strongly support an amendment to increase the number of welfare-to-work housing vouchers to help more families get or keep a job. With millions of families needing to make the transition from welfare to work, and in light of recent studies that show historically high unmet housing needs among very low-income Americans, the Administration believes it is critical for the Congress to fund the entire 50,000 welfare-to-work housing vouchers provided for in the President's request. Welfare-to-work housing vouchers will support implementation of welfare reform by assisting those welfare recipients for whom housing assistance is critical to getting or keeping a job.

The Administration also encourages the Congress to fund fully the President's request for \$400 million for an Economic Development Initiative Community Empowerment Fund to generate jobs in distressed communities. The Committee has cut the request by \$350 million, providing only \$50 million, as a set-aside within the existing CDBG program.

The Administration appreciates the Committee's decisions to fund a number of programs at the levels requested, including the Partnership for Advancing Technologies in Housing (PATH) initiative, and to renew all expiring Section 8 contracts. The Administration is encouraged that the Committee has provided funding for half the President's request for Regional Opportunity Counseling, a voluntary effort to expand the housing and employment opportunities available to low-income families. We urge full funding of the President's request for this program. We are also pleased by the Committee's decision to provide \$80 million for the Office of Lead Hazard Control, to reduce the risk of childhood lead poisoning and other health hazards. The Administration encourages the Congress to fund fully a number of other areas -- Homeless Assistance, Brownfields, and Regional Connections--and to end the ninety-day delay in reissuing of Section 8 certificates/vouchers on turnover.

The Administration is very concerned that the Subcommittee has not included language extending the repeal of one-for-one replacement for public housing. Without this language, the bipartisan goal of demolishing 100,000 of the worst public housing units by FY 2003 may not be achieved.

The Administration is pleased with the Committee's decision to support an audit-based enforcement initiative for the Fair Housing Initiatives program. We urge the Congress to fund fully this critical fair housing initiative to reduce the level of housing discrimination.

The Administration urges the Congress to adopt the Administration's proposal to reform HUD's single-family property disposition program, which would produce substantial savings by improving the efficiency of FHA's property disposition processes and would permit the Committee to provide additional resources to critical Committee programs. Finally, the Administration understands that an amendment may be offered to eliminate the provisions in the bill that increase the FHA loan limit. The Administration strongly opposes such an amendment. The Administration urges the Congress instead to provide greater homeownership opportunities by increasing the FHA loan limit to the "conforming" limit.

Council on Environmental Quality

The Administration appreciates the modest increase over the FY 1998 level provided for the Council on Environmental Quality (CEQ). However, we strongly believe that in order to allow CEQ to carry out its environmental mission and reinvention efforts, the full requested level should be provided, and language prohibiting use of detailees should be deleted.

Community Development Financial Institutions Fund

The Administration strongly urges the Committee to fund the Community Development Financial Institutions Fund at the requested level. The Committee's decision to reduce the request by \$45 million would severely reduce the Fund's ability to leverage investments, loans, and financial services in the country's most distressed communities.

National Aeronautics and Space Administration

The Administration is concerned with the Committee's reductions to the requests for the International Space Station, Space Shuttle, and Earth Science programs. Full funding in FY 1999 for Space Station is critical as the United States and our International Partners are in a peak period of development and integration, and proceeding toward First Element Launch later this year. Further, the Administration is particularly concerned about bill language prohibiting the use of funds for the Triana project. Triana offers a unique opportunity to educate and engage students in all phases of the mission. Its observations could potentially be used in meteorology and environmental monitoring, as well as for commercial purposes. The Administration will work with the Congress to enable

restoration of funding for these priority programs as the bill proceeds. The Administration is also concerned over the large number of unrequested, site-specific earmarks, which would have the effect of circumventing the competitive, peer review process and are paid for, in part, with serious reductions to priority programs.

Federal Emergency Management Agency

The Administration appreciates the level of funding provided by the Committee for the Federal Emergency Management Agency. However, we believe that the \$20 million reduction to the President's request for pre-disaster mitigation grants is shortsighted. These grants would help reduce the cost of future disasters by leveraging local and private-sector support for enhanced mitigation efforts at the State and community level. We urge the Committee to fund fully the President's request for this important initiative. In addition, we urge the Committee to approve our recent request for funding to help States and communities prepare for potential terrorist incidents involving chemical and/or biological weapons.

National Science Foundation

Given the budget constraints facing the Committee, the Administration appreciates the effort to provide a \$268 million increase over the FY 1998 level for the National Science Foundation (NSF). Nevertheless, the Administration is concerned with the reduction to the request for education and human resources and the elimination of funds for the proposed Polar Cap Observatory and NSF funds for the GLOBE program. The Administration is firmly committed to NSF's research and education activities, which not only promote scientific advancement but also contribute to economic development. We strongly urge the Congress to provide the full increase requested for NSF for its research, equipment, and education activities.

Neighborhood Reinvestment Corporation

The Administration is pleased by the Committee's decision to provide the President's full request for the Neighborhood Reinvestment Corporation (NRC). The NRC has a proven, successful record of leveraging private sector resources to promote homeownership and helping strengthen America's communities. This funding would provide an additional \$25 million for a homeownership initiative that seeks to create 10,000 new homeowners through FY 2000.

Consumer Product Safety Commission

The Administration opposes bill language that would block the Consumer Product Safety Commission's ability to promulgate rules to reduce the flammability of upholstered furniture. This language intrudes upon CPSC's ability, as well the ability of other agencies, to carry out their responsibilities. Furthermore, these efforts to block the development of a new safety standard represent a threat to public health.

Potential Amendment Related to Peer Review

The Administration strongly opposes an amendment that may be offered mandating peer review of "scientific data" supporting final regulations. The Administration is committed to using the best possible science and peer review for rule-making. However, this amendment is unnecessary, inappropriate, and wasteful. Peer review is currently incorporated in the Government-wide rule-making process, where it is needed, through extensive outreach, public comment, and scientific advisory boards. As drafted, this amendment would mandate a one-size-fits-all requirement that would serve only to delay important government action, in particular, rules designed to protect health safety and the environment. It would impose a costly additional step in the regulatory process and could cover a large, heterogeneous set of rules, as diverse as meat and poultry inspection rules, airplane and automobile safety standards, FDA drug and device approvals, and rules to ensure safe drinking water and clean air. This would impose an undue burden on numerous final rules by requiring substantial personnel and other resources and could result in significant delays on important public health and safety rules.

Potential Amendment Related to Payments to the City of San Francisco

The Administration understands that an amendment may be offered that would prohibit the City of San Francisco from receiving any funds appropriated by the bill solely because the City will only contract with or provide grants to organizations that provide health care benefits for unmarried, domestic partners of individuals who receive such benefits from the organizations. The Administration would strongly object to such an amendment.

July 23, 1998
(House)

H.R. 4250 - Patient Protection Act of 1998
(Rep. Gingrich (R) GA and 57others)

Nearly two years ago, the President announced he would establish a non-partisan Quality Commission to make recommendations on how best to assure patient protections and quality health care. When he appointed this Commission, he directed that it develop a patients' bill of rights as its first order of business. Since last November, the President has been calling on the Congress to pass a strong, enforceable patients' bill of rights. It was not until last week that the Republican Leadership finally introduced long-overdue legislation on this issue.

The Administration believes that the Republican Leadership's introduction of H.R. 4250 clearly demonstrates that there is broad-based consensus on the need for Federal legislation to ensure that Americans have patient protections. The President is committed to working with the Congress to pass an enforceable patients' bill of rights this year.

Unfortunately, H.R. 4250 is seriously flawed legislation. It covers too few people, it provides too few patient protections, and it contains unnecessary and irrelevant provisions that undermine the chances for a bipartisan agreement on a patients' bill of rights. As such, the Administration strongly opposes H.R. 4250, as currently drafted, and the President's senior advisors would recommend that he **veto** this bill if it were presented to him by the Congress.

First, H.R. 4250 does not apply to the individual insurance market and therefore millions of Americans would not be assured these patient protections. The President has repeatedly stated that every health plan should have to provide its enrollees with a patients' bill of rights.

Second, this legislation does not provide many critical provisions that are necessary to assure high quality care. The following protections are either absent from this legislation or are insufficient:

Access to specialists. H.R. 4250 does not assure persons with chronic or serious conditions direct access to specialists. Moreover, there is no requirement that a plan cover a specialist that is not in the network if the network does not have sufficient providers to treat the condition. As such, patients would not be assured access to needed specialists to treat, for example, cancer or heart conditions.

Continuity of care protections. H.R. 4250 does not include a requirement that a patient's care will not abruptly change if their provider is unexpectedly dropped from a health plan or if their employer changes health plans. This provision is essential for patients -- such as pregnant women or the chronically ill -- whose care will be seriously undermined by an abrupt change.

Financial incentives for doctors. This legislation does not contain sufficient provisions that prevent patients from being put at risk through unknown destructive financial incentives to limit patient care.

Emergency room services. The emergency room services provision is insufficient, as it does not prohibit plans from limiting access to an emergency room that is outside the plan's network. Moreover, it does not address coverage of post-stabilization care, which puts patients at risk for huge costs for needed treatment that a doctor believes should take place in the facility in which they were initially admitted.

Gag Rules. H.R. 4250 only prohibits gags on physicians in direct contract with a plan. The majority of doctors, however, contract with plans through medical groups, third party administrators, or other arrangements. Therefore, there are no prohibitions of gag rules for most contracts.

External appeals. We are extremely concerned that the external appeals in H.R. 4250 are only advisory -- not binding. The right to an appeal is meaningless if health plans can disregard these decisions. Moreover, patients would be required to pay a fee to participate in an appeals process, up to \$100. Consumers should be able to address serious grievances without having to pay. In addition, the plan would be allowed to develop its own definition of medical necessity making it extremely difficult for an enrollee to prevail on appeal.

Insufficient enforcement provision. The enforcement mechanism in this legislation is insufficient as it gives little or no recourse to patients who are injured or who die because of a health plan's actions. The proposed \$250 per day penalties are wholly insufficient for patients who suffer serious harm or even death because of a wrongful action by a health plan.

Third, H.R. 4250 contains provisions that have nothing to do with patients' rights and only serve to reduce the likelihood that an acceptable agreement can be reached on this important issue. Recognizing our concerns with these provisions, the Congress agreed as recently as last year to keep them off bipartisan legislation -- specifically, the Balanced Budget Act of 1997. These provisions include:

Caps on medical malpractice awards and limits on malpractice actions. While the Administration has consistently supported medical malpractice reforms, it opposes federally imposed caps on punitive and non-economic damages in medical malpractice cases.

Expansion of Medical Savings Accounts (MSAs). H.R. 4250 would subvert the MSA demonstration project enacted in the Health Insurance Portability and Accountability Act of 1996. Under H.R. 4250, the MSA tax break may accrue only to the healthiest and wealthiest individuals and attract them out of the general health insurance market, potentially raising premiums for all other people. There is no evidence that the claimed cost containment benefit of MSAs outweighs the cost of providing a tax break primarily for healthy and higher-income individuals.

Association Health Plans (AHPs). H.R. 4250 would create a new insurance option for small groups and individuals that would exempt them from many existing State safeguards in such areas as solvency, marketing, underwriting, rating practices, benefits, and consumer protections. Under current law, States regulate the small group and individual markets, thereby helping to make coverage affordable. H.R. 4250 would permit AHPs to discriminate by cherry-picking healthier groups and individuals. Those remaining in the State's insurance pool would face higher premiums, leading to higher levels of uninsurance and undermining the stability of the State insurance pool. For these reasons, the President agrees with provider organizations, such as the American Medical Association and the American Nurses Association, and virtually every major consumer organization that H.R. 4250 is insufficient and does not provide patients with the protections they need and deserve. While we have serious concerns with H.R. 4250, the President remains committed to passing a strong, enforceable and bipartisan patients' bill of rights this year. The bipartisan substitute legislation offered by Mr. Dingell and Dr. Ganske covers all health plans, contains strong enforceable patient protections, and has no "poison pill" provisions that have nothing to do with these patient protections. As such, the President would sign H.R. 3605 into law. It is the President's hope that Republicans and Democrats can work across party lines to put progress ahead of partisanship and pass legislation that provides Americans with the patients' protections they need and deserve.

Pay-As-You-Go Scoring

H.R. 4250 would affect both direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of the bill is under development.

August 4, 1998
(House Rules)

H.R. 4274 - DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999
(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 4274, the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated. Due to the very serious funding and language issues present in the Committee bill, discussed below, the President would **veto** the bill in its current form.

The only way to achieve the appropriate investment level for programs funded by this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill. In addition, we hope that the House will reduce funding for lower priority discretionary programs and redirect funding to programs of higher priority.

Department of Education

The Committee bill cuts \$2 billion from the President's overall request for education program funding. As a result, the bill does not adequately support the Nation's efforts to raise student achievement, make schools safe, and improve the capabilities of teachers. High priority programs inadequately funded include (listed in bill order):

Goals 2000. Funding for Goals 2000 is cut \$255 million below the President's request, which would reverse momentum in all 50 States to raise academic standards and deny 6,000 schools serving over three million students the funds needed to implement innovative education reforms.

School-to-Work. School-to-Work is cut by a total of \$100 million (between the Departments of Education and Labor) below the President's \$250 million request, which would seriously hamper all States' efforts to help young people of all backgrounds move from high school to careers or postsecondary training and education.

Technology in Education. The Committee's \$137 million reduction from the request would make it increasingly difficult for States to meet school children's education

technology needs, especially in training teachers to integrate educational technology into their curriculum effectively.

Title I (Education for the Disadvantaged) Grants to Local Educational Agencies. The Committee bill cuts \$392 million from the request, which would leave nearly 520,000 students in high-poverty communities without the extra help they need to master the basics and develop the capability to reach high academic standards.

Safe and Drug-Free Schools and Communities. The Committee's \$50 million reduction would deny funding for School Coordinators in nearly one-half of the Nation's middle schools needed to implement effective drug and violence prevention programs.

Education Opportunity Zones. The Committee bill does not provide the requested \$200 million, which would deny high-poverty urban and rural districts the extra assistance they need to implement effective reforms with tough accountability for performance.

America Reads. America Reads is denied the \$210 million provided in last year's Bipartisan Budget Agreement for children's literacy and denied the additional \$50 million the President requested. These funds would prevent thousands of young children from receiving the extra help they need to learn to read well and independently by the end of the third grade.

Bilingual Education. The Committee has cut by \$25 million the President's plan for training teachers to help limited-English proficient children.

Work-Study. Roughly 57,000 needy students would be denied the opportunity to work to finance their college education because of the Committee's \$50 million reduction.

Higher Education Initiatives. No funds are provided for three Presidential initiatives for which the President has requested \$237 million:

High Hopes to help prepare students at high poverty middle schools for college.

Learning Anytime Anywhere Partnership grants for pilot projects using distance learning technology.

New teacher recruitment and preparation programs.

Eisenhower Professional Development. The Committee's \$50 million reduction would leave over 100,000 teachers without the training they need to help them teach to rigorous academic standards.

After School programs (21st Century Community Learning Centers) . A \$140 million cut from the President's request to this program, part of the President's child care initiative, would result in 3,000 fewer centers and no services to nearly 400,000 children.

Hispanic Initiative. In the FY 1999 budget, the President proposed funding increases of \$212 million for a series of programs to enhance the educational achievement of Hispanic Americans. The bill reduces the request by over \$90 million, with significant decreases from the request in Adult Education, Bilingual Education, Hispanic Serving Institutions, and Comprehensive School Reform Demonstrations. Funding for these programs should be restored to the level of the President's request.

Civil Rights Enforcement. Ensuring that civil rights laws and regulations are adequately enforced is a fundamental responsibility of government. The Committee fails to provide the increase of \$6.5 million (for a total of \$68 million) requested by the Office for Civil Rights in the Education Department and reduced by \$2.4 million the request for \$67.8 million for the Labor Department's Office of Federal Contract Compliance. Both activities should be restored to the full requests.

In addition to inadequate funding for priority education programs, the Administration is concerned with several language provisions of the Committee bill that would severely restrict the Administration's ability to continue the development of programs designed to raise academic standards.

National Tests. The Administration strongly objects to the language limitation and \$15 million funding cut that would bring a halt to the President's efforts to help States and parents raise academic standards through a voluntary national test. The Committee bill's language would prohibit the development, implementation, and administration of the tests unless explicitly authorized. The language prohibition should be deleted and the funding restored.

Unfocused Block Grants. The Administration strongly objects to language that would, in effect, turn the Goals 2000 and the Eisenhower Professional Development programs into block grants by allowing those funds to be used under the broad Title VI block grant authority. Title VI has no performance or accountability standards. The language should be deleted so that these Federal funds can address national needs and continue to be guided by strong accountability measures.

Special Education (Individuals with Disabilities Education Act -- IDEA). The bill contains two objectionable IDEA riders. One would undermine the due process protections and parental rights for disabled students who are regarded as violent. The other would, in effect, allow States to discontinue special education services for youth ages 18 to 21 in adult prisons, violating the principle that all disabled youth ages three to 21 have a right to a free, appropriate public education and undermining the Department of Education's ability to enforce the Individuals with Disabilities Education Act. Both provisions would unnecessarily re-open IDEA before last year's bipartisan reauthorization has had a chance to be implemented and fairly assessed. Both provisions should be stricken.

Bilingual Education. While we agree with the Committee on the need for some reforms to Bilingual Education, we are opposed to any provision that would set an absolute limit

on student participation in bilingual education or alternative programs. Such a step would deny help to students who need it and violate the civil rights of Limited English Proficient students to an equal education. Because of individual differences, students will vary in how long it takes to develop English proficiency. We are also opposed to provisions that would establish a two-year goal for becoming proficient in English, since research has shown that this timetable is unrealistically short.

Internet Access in Schools and Libraries. The bill contains objectionable language that would deny Federal funds to schools and libraries that have not installed software on their computers to block Internet access to indecent materials to minors. While the Administration strongly supports efforts to ensure that schools and libraries protect minors from indecent materials, it objects to such overly prescriptive language. Most local education agencies have already developed their own acceptable-use policies, many of which are not based on software. Instead, the Administration favors less burdensome and restrictive language that would require that schools and libraries develop their own acceptable-use plans at the local level and certify their implementation.

Department of Labor

The Administration has strong concerns with the inadequate funding levels provided for the following Labor programs (listed in bill order):

Adult Job Training. The Committee has provided none of the requested increases for the Dislocated Worker (\$100 million) and low-income adult (\$45 million) job training programs. Freezing these programs would mean that some 67,000 fewer workers in need of assistance would be helped.

Summer Jobs Program. The Administration strongly opposes the Committee's elimination of the \$871 million Summer Jobs program, which could finance 530,000 summer jobs for economically disadvantaged youth. The unemployment rate for teens continues to far exceed the overall unemployment rate. The Summer Jobs program plays a vital role in supporting employment among these teens, especially among African-American youths -- approximately 25 percent of summer jobs held by African-American 14-15 year olds come through this program -- and serves as a valuable introduction to the world of work. We urge the House to restore the full request for this program.

President's Youth Opportunity Areas Initiative. The Committee provides no funding for the President's Youth Opportunity Areas initiative and rescinds the \$250 million appropriated last year for this program. This program would address the problem of pervasive joblessness in high-poverty neighborhoods by making large investments in these areas to effect community-wide change and help 50,000 out-of-school youth. We strongly oppose elimination of this program, which is an essential component of the Administration's Empowerment Zones/Enterprise Communities initiative. We urge the House to provide full funding as requested, particularly since the Congress last week authorized this program in the Workforce Investment Act which the President will sign.

Unemployment Insurance. The House Committee mark does not fund the \$90 million requested for the Unemployment Insurance (UI) integrity initiative. This initiative was authorized in the Balanced Budget Act of 1997 and would, over five years, achieve \$763 million in mandatory savings assumed in the Bipartisan Budget Agreement. Failure to fund this initiative would mean a continuation of errors in benefit payments and UI taxes.

Worker Protection. The Committee has cut nearly in half the requested increase for programs that protect our workers on the job. For example, the Committee mark for the Occupational Safety and Health Administration (OSHA) redirects resources to State consultation and is nine-percent below the requested level for Federal enforcement, while funding for the Mine Safety and Health Administration (MSHA) is frozen at the 1998 level and virtually no funding is provided to the Pension and Welfare Benefits Administration (PWBA) for implementing the Health Insurance Portability and Accountability Act of 1996. We urge the House to restore financing for such critical workplace protection programs.

Child Labor. The \$3 million increase to combat international child labor abuses is inadequate in light of the magnitude of the problem, and provides only a small fraction of the \$27 million requested.

The Committee bill contains several objectionable language riders addressing regulatory issues in the Department of Labor. These include language imposing new, unnecessary, and burdensome review procedures before the Department can issue Black Lung regulations, a new requirement for OSHA to conduct duplicative peer review panels for its new regulations, and a continuation of the rider that prohibits MSHA from enforcing training requirements at certain mines, which have a growing numbers of deaths. These riders would make it more difficult for the Department of Labor to carry out its programs and should be dropped.

The Administration objects to the continuation of last year's rider that prohibits the use of funds for supervising the Teamster's election, despite a court order requiring the Federal Government to pay for a supervised election.

Department of Health and Human Services

The Administration appreciates the Committee's efforts to provide much needed funding for important programs crucial to the healthy lives of all Americans. Unfortunately, the Committee has not provided adequate funding for several important programs of the Department of Health and Human Services (HHS). The Administration has strong concerns with the inadequate funding levels provided for the following HHS programs (listed in bill order):

Prevention Research. The Committee has provided only \$10 million of the \$25 million requested for the Centers for Disease Control to expand research in ways to prevent disease and reduce the need for medical care.

Bio-Terrorism. The Administration urges the House to provide the full \$111 million requested to improve HHS' ability to respond to attacks of biological and chemical terrorism.

National Household Survey on Drug Abuse. The Committee mark eliminates funding for data collection activities of the Substance Abuse and Mental Health Services Administration, including the National Household Survey on Drug Abuse, which is our single best source of information on youth drug use and youth smoking and is important for evaluating the impact of substance abuse prevention, treatment, and enforcement efforts.

Health Care Financing Administration (HCFA). Although the Committee has fully funded the President's program level request for HCFA Program Management (with the exception of the Medicare+Choice information campaign), no action has been taken on the \$265 million in new discretionary HCFA user fees. We urge the House to enact the President's requested user fees to finance HCFA activities and to ensure that sufficient resources remain available for education and other priorities.

Low Income Home Energy Assistance Program (LIHEAP). The Committee would eliminate funding for LIHEAP. Over 36 percent of LIHEAP households have elderly residents, 32 percent have disabled residents, 27 percent have children under the age of six, and 27 percent are the working poor who do not receive any other public assistance. The Administration urges the House to restore funds to the President's requested level.

Child Care. The Administration urges the House to provide the additional \$174 million requested for a child care initiative that will improve the availability of affordable, quality child care for working parents. This initiative would provide States with resources to enhance child care health and safety standards enforcement, give child care workers scholarships to improve their skills, and increase our commitment to understand better and evaluate how our Nation's child care system is working. Likewise, we ask that the Committee restore funds to the President's requested level for a \$5 million program designed to assist States in developing support systems for families of children with disabilities.

Head Start. The Committee funds Head Start at \$4.5 billion, \$160 million below the President's request -- denying slots to up to 25,000 low-income children in FY 1999 and undermining efforts to serve one million children by the year 2002. Head Start has a track record of success in readying disadvantaged children for school, supporting working families by helping parents to get involved in their children's lives and providing services to the entire family. We urge the House to restore Head Start funding to the President's requested level.

Foster Care and Adoption Assistance. The Committee bill fails to provide the Administration's request for a \$200 million contingency reserve. This language is critical to ensure grant awards should the definite appropriations be insufficient for authorized

eligible expenditures in either Foster Care or Adoption Assistance. The House should restore funding to the requested level of \$200 million, or approximately four percent of total program costs.

Health Disparities. The Committee has failed to include \$30 million requested for demonstration projects to address racial and ethnic health disparities in infant mortality, cancer, diabetes, heart disease and stroke, HIV/AIDS, and immunizations. In addition, the Committee bill contains several language provisions that are troubling to the Administration.

Abortion. The Administration urges the House to strike sections 508 and 509 of the Committee bill, which would prohibit the use of funds for abortion. The President believes that abortion should be safe, legal, and rare. These provisions would continue to limit the range of conditions under which a woman's health would permit access to abortion services. Furthermore, section 509 requires a physician to make a legal determination that these conditions have been met. The Administration proposes to work with the Congress to address the issue of abortion funding.

Organ Donation. The Administration strongly opposes two provisions of the Committee bill that would suspend two HHS rules pertaining to organ donation: a HCFA rule that seeks to expand the number of organs available for donation through more vigorous procurement efforts; and, a Health Resources and Services Administration rule that would require the national organ transplant network to develop policies that would allocate organs based on patients' medical need, not their geographic location.

Family Planning. The Committee bill requires family planning grantees either to receive written parental consent or provide advance notification to parents before giving contraceptives to minors. Mandating parental consent discourages sexually active minors from seeking health care and reproductive counseling services and thus leads to more unintended pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth.

Needle Exchange. The Committee includes a total ban on the use of funds appropriated in this Act for needle exchange programs rather than making the use of funds for such programs conditional upon the certification of the Secretary of Health and Human Services.

Office of AIDS Research. The Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research. The single appropriation would help NIH plan and target research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

Medicaid Drug Coverage. The Committee bill would prohibit HCFA from paying for a specific pharmaceutical agent under Medicaid except for post-surgical treatment. We

oppose the use of the appropriations process to make selective coverage determinations and judgments regarding how best to treat specific medical problems. Further, the provision is unnecessary because the Secretary already has authority to limit coverage for pharmaceutical agents if prescribed inappropriately, and States already have broad latitude to limit the use of drugs under Federal law through drug utilization review and prior authorization programs.

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The Committee bill does not provide \$19 million for administrative expenses, contingent on the authorization of a user fee for services provided by the Social Security Administration to attorneys who represent claimants for benefits. These services include withholding money from certain past due benefits and issuing payments to certain claimant representatives. The Administration continues to support enactment of this user fee and appropriation of the anticipated collections for administrative expenses.

In addition, the Committee bill does not provide \$50 million for administrative expenses for the conduct of additional non-disability Supplemental Security Income (SSI) redeterminations of eligibility. These resources and the resulting redeterminations are essential to ensuring the integrity of the SSI program and reducing unnecessary benefit payments. Failure to provide this funding would result in serious staffing shortfalls.

Other Agencies

National Labor Relations Board (NLRB). The Committee provides funding for the NLRB at the FY 1997 level. This would result in a loss of over 100 staff, an increase in case backlogs, and could result in furloughs and office closings. This reduction would cripple an agency key to protecting workers' rights on the job, and we urge the House to restore the NLRB to the requested level.

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Service program at the FY 1998 level and cuts VISTA \$5 million below FY 1998. These reductions would deny more than 500 VISTA members the opportunity to serve in low-income communities Nation-wide and would reduce the number of seniors serving their communities by 15,000. The Administration urges the House to fully fund the Corporation at the \$279 million level proposed in the FY 1999 Budget.

Corporation for Public Broadcasting. The Administration strongly objects to the lack of funding provided for the President's initiative to assist public broadcasters in converting to digital technology. The transition to digital technology promises to create tremendous opportunities for expanded and enhanced educational and public service programming while promoting innovative technology applications. Providing the Corporation with funding in FY 1999 will allow public broadcasting to convert to digital technology on a schedule similar to that of commercial stations. This will facilitate fundraising efforts and allow public broadcasters to participate in the establishment of digital standards.

Railroad Retirement Board (RRB). The Committee bill does not include language to provide the RRB with authority to offer voluntary separation incentive payments (or "buyouts") through the end of calendar year 1998. RRB's experience has shown that reducing employment through buyouts is much less disruptive to agency operations than conducting a reduction-in-force. The Administration urges the House to provide this buyout authority.

The Committee bill includes language prohibiting the RRB Inspector General from using funds for any audit, investigation, or review of the Medicare program. The Administration believes that this language should be dropped. RRB has statutory authority to administer a separate contract for RRB, Part B Medicare claims. As long as RRB has authority to negotiate and administer a separate Medicare contract, the RRB Inspector General ought not to be prohibited from using funds to review, audit, or investigate activity related to that contract.

October 2, 1998
(House Floor)

H.R. 4274 - DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999
(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 4274, the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated. Due to the very serious funding and language issues present in the Committee bill, discussed below, the President would **veto** the bill in its current form. The manager's amendment made in order in the rule is wholly inadequate in addressing these concerns.

The only way to achieve the appropriate investment level for programs funded by this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and the Senate in other appropriations bills. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill. In addition, we hope that the House will reduce funding for lower priority discretionary programs and redirect funding to programs of higher priority.

Department of Education

The Committee bill cuts \$2 billion from the President's overall request for education program funding. As a result, the bill does not adequately support the Nation's efforts to raise student achievement, make schools safe, and improve the capabilities of teachers. High priority programs inadequately funded include (listed in bill order):

Goals 2000. Funding for Goals 2000 is cut \$255 million below the President's request, which would reverse momentum in all 50 States to raise academic standards and deny 6,000 schools serving over three million students the funds needed to implement innovative education reforms.

School-to-Work. School-to-Work is cut by a total of \$100 million (between the Departments of Education and Labor) below the President's \$250 million request, which would seriously hamper all States' efforts to help young people of all backgrounds move from high school to careers or postsecondary training and education.

Technology in Education. The Committee's \$137 million reduction from the request would make it increasingly difficult for States to meet school children's education technology needs, especially in training teachers to integrate educational technology into their curriculum effectively.

Title I (Education for the Disadvantaged) Grants to Local Educational Agencies. The Committee bill cuts \$392 million from the request, which would leave nearly 520,000 students in high-poverty communities without the extra help they need to master the basics and develop the capability to reach high academic standards.

Safe and Drug-Free Schools and Communities. The Committee's \$50 million reduction would deny funding for School Coordinators in nearly one-half of the Nation's middle schools needed to implement effective drug and violence prevention programs.

Education Opportunity Zones. The Committee bill does not provide the requested \$200 million, which would deny high-poverty urban and rural districts the extra assistance they need to implement effective reforms with tough accountability for performance.

America Reads. America Reads is denied the \$210 million provided in last year's Bipartisan Budget Agreement for children's literacy and denied the additional \$50 million the President requested. These funds would prevent thousands of young children from receiving the extra help they need to learn to read well and independently by the end of the third grade.

Bilingual Education. The Committee has cut by \$25 million the President's plan for training teachers to help limited-English proficient children.

Work-Study. Roughly 57,000 needy students would be denied the opportunity to work to finance their college education because of the Committee's \$50 million reduction.

Higher Education Initiatives. No funds are provided for three Presidential initiatives for which the President has requested \$237 million:

GEAR UP to help prepare students at high poverty middle schools for college.

Learning Anytime Anywhere Partnership grants for pilot projects using distance learning technology.

New teacher recruitment and preparation programs.

Eisenhower Professional Development. The Committee's \$50 million reduction would leave over 100,000 teachers without the training they need to help them teach to rigorous academic standards.

After School programs (21st Century Community Learning Centers). A \$140 million cut from the President's request to this program, part of the President's child care initiative, would result in 3,000 fewer centers and no services to nearly 400,000 children.

Hispanic Initiative. The Administration has proposed funding increases of more than \$600 million for a series of programs, including Title I (Education for the Disadvantaged), to enhance the educational achievement of Hispanic Americans. The bill reduces the request by nearly \$500 million, including some of the cuts described above as well as significant decreases from the request in Adult Education, Bilingual Education, Hispanic Serving Institutions, and Comprehensive School Reform Demonstrations. Funding for these programs should be restored to the level of the President's request.

Civil Rights Enforcement. Ensuring that civil rights laws and regulations are adequately enforced is a fundamental responsibility of government. The Committee fails to provide the increase of \$6.5 million (for a total of \$68 million) requested by the Office for Civil Rights in the Education Department and reduced by \$2.4 million the request for \$67.8 million for the Labor Department's Office of Federal Contract Compliance. Both activities should be restored to the full requests.

In addition to inadequate funding for priority education programs, the Administration is concerned with several language provisions of the Committee bill that would severely restrict the Administration's ability to continue the development of programs designed to raise academic standards.

National Tests. The Administration strongly objects to the language limitation and \$15 million funding cut that would bring a halt to the President's efforts to help States and parents raise academic standards through a voluntary national test. The Committee bill's language would prohibit the development, implementation, and administration of the tests unless explicitly authorized. The language prohibition should be deleted and the funding restored.

Unfocused Block Grants. The Administration strongly objects to language that would, in effect, turn the Goals 2000 and the Eisenhower Professional Development programs into block grants by allowing those funds to be used under the broad Title VI block grant authority. Title VI has no performance or accountability standards. The language should be deleted so that these Federal funds can address national needs and continue to be guided by strong accountability measures.

Special Education (Individuals with Disabilities Education Act -- IDEA). The bill contains two objectionable IDEA riders. One would undermine the due process protections and parental rights for disabled students who are regarded as violent. The other would, in effect, allow States to discontinue special education services for youth ages 18 to 21 in adult prisons, violating the principle that all disabled youth ages three to 21 have a right to a free, appropriate public education and undermining the Department of Education's ability to enforce the Individuals with Disabilities Education Act. Both provisions would unnecessarily re-open IDEA before last year's bipartisan reauthorization has had a chance to be implemented and fairly assessed. Both provisions should be stricken.

Bilingual Education. While we agree with the Committee on the need for some reforms to Bilingual Education, we are opposed to any provision that would set an absolute limit on student participation in bilingual education or alternative programs. Such a step would deny help to students who need it and violate the civil rights of Limited English Proficient students to an equal education. Because of individual differences, students will vary in how long it takes to develop English proficiency. We are also opposed to provisions that would establish a two-year goal for becoming proficient in English, since research has shown that this timetable is unrealistically short.

Internet Access in Schools and Libraries. The bill contains objectionable language that would deny Federal funds to schools and libraries that have not installed software on their computers to block Internet access to indecent materials to minors. While the Administration strongly supports efforts to ensure that schools and libraries protect minors from indecent materials, it objects to such overly prescriptive language. Many local education agencies have already developed their own acceptable-use policies that are not based on software. Instead, the Administration favors less burdensome and restrictive language that would require that schools and libraries develop their own acceptable-use plans at the local level and certify their implementation.

Department of Labor

The Administration has strong concerns with the inadequate funding levels provided for the following Labor programs (listed in bill order):

Adult Job Training. The Committee has provided none of the requested increases for the Dislocated Worker (\$100 million) and low-income adult (\$45 million) job training programs. Freezing these programs would mean that some 67,000 fewer workers in need of assistance would be helped. Without the requested increases, early implementation of the Workforce Investment Act could be jeopardized.

Summer Jobs Program. The Administration strongly opposes the Committee's elimination of the Summer Jobs program. The President's request of \$871 million for this program could finance up to 530,000 summer jobs for economically disadvantaged youth. The unemployment rate for teens continues to far exceed the overall unemployment rate. The Summer Jobs program plays a vital role in supporting employment among these teens, especially among African-American youths -- approximately 25 percent of summer jobs held by African-American 14-15 year olds come through this program -- and serves as a valuable introduction to the world of work. We urge the House to restore the full request for this program.

President's Youth Opportunity Areas Initiative. The Committee provides no funding for the President's Youth Opportunity Areas initiative and rescinds the \$250 million appropriated last year for this program. This program would address the problem of pervasive joblessness in high-poverty neighborhoods by making large investments in these areas to effect community-wide change and help 50,000 out-of-school youth. We oppose elimination of this program, which is an essential component of the Administration's Empowerment Zones/Enterprise Communities initiative. We strongly

urge the House to fully fund this initiative that was recently enacted with strong bipartisan support as part of the Workforce Investment Act.

Unemployment Insurance. The House Committee mark does not fund the \$91 million requested for the Unemployment Insurance (UI) integrity initiative. This initiative was authorized in the Balanced Budget Act of 1997 and would, over the next five years, achieve \$758 million in mandatory savings. Failure to fund this initiative would mean a continuation of errors in benefit payments and UI taxes. A similar initiative in the Social Security Administration's Disability Insurance program has proven to be a cost effective approach to achieving program savings.

Worker Protection. The Committee has cut nearly in half the requested increase for programs that protect our workers on the job. For example, the Committee mark for the Occupational Safety and Health Administration (OSHA) redirects resources to State consultation and is nine-percent below the requested level for Federal enforcement, while funding for the Mine Safety and Health Administration (MSHA) is frozen at the 1998 level and virtually no funding is provided to the Pension and Welfare Benefits Administration (PWBA) for implementing the Health Insurance Portability and Accountability Act of 1996. We urge the House to restore financing for such critical workplace protection programs.

Child Labor. The Committee has cut by 85 percent the requested increase for programs that combat child labor abuses domestically and internationally. For example, the Committee mark provides only \$3 million of the \$30 million requested increase for the Bureau of International Labor Affairs to increase its contributions to the International Labor Organization's International Programme for the Elimination of Child Labor. The Committee also provides no funds for the request for demonstration programs that would provide alternatives to field work for migrant youth. We urge the House to restore financing for programs that strive to eliminate child labor abuses.

OSHA Peer Review. The Committee bill includes language that requires a peer review panel for all proposed OSHA regulations. This provision is unnecessary, overly broad, and would further delay OSHA's process for issuing regulations. OSHA already has an extensive public hearing process where any interested party may testify. OSHA must address all significant issues raised. The agency conducts peer reviews when appropriate. The Administration strongly urges the House to drop this provision.

The Committee bill contains several objectionable language riders addressing regulatory issues in the Department of Labor. These include language imposing new, unnecessary, and burdensome review procedures before the Department can issue Black Lung regulations and a continuation of the rider that prohibits MSHA from enforcing training requirements at certain mines, which have a growing numbers of deaths. These riders would make it more difficult for the Department of Labor to carry out its programs and should be dropped.

Department of Health and Human Services

The Administration appreciates the Committee's efforts to provide much needed funding for important programs crucial to the healthy lives of all Americans. Unfortunately, the Committee has not provided adequate funding for several important programs of the Department of Health and Human Services (HHS). The Administration has strong concerns with the inadequate funding levels provided for the following HHS programs (listed in bill order):

Prevention Research. The Committee has provided only \$10 million of the \$25 million requested for the Centers for Disease Control to expand research in ways to prevent disease and reduce the need for medical care.

Bio-Terrorism. The Administration urges the House to provide the full \$111 million requested to improve HHS' ability to respond to attacks of biological and chemical terrorism.

National Household Survey on Drug Abuse. The Committee mark eliminates funding for data collection activities of the Substance Abuse and Mental Health Services Administration, including the National Household Survey on Drug Abuse, which is our single best source of information on youth drug use and youth smoking and is important for evaluating the impact of substance abuse prevention, treatment, and enforcement efforts.

Health Care Financing Administration (HCFA). Although the Committee has fully funded the President's program level request for HCFA Program Management (with the exception of the Medicare+Choice information campaign), no action has been taken on the \$265 million in new discretionary HCFA user fees. We urge the House to enact the President's requested user fees to finance HCFA activities and to ensure that sufficient resources remain available for education and other priorities.

Low Income Home Energy Assistance Program (LIHEAP). The Committee would eliminate funding for LIHEAP. Over 36 percent of LIHEAP households have elderly residents, 32 percent have disabled residents, 27 percent have children under the age of six, and 27 percent are the working poor who do not receive any other public assistance. The Administration urges the House to restore funds to the President's requested level.

Child Care. The Administration urges the House to provide the additional \$174 million requested for a child care initiative that will improve the availability of affordable, quality child care for working parents. This initiative would provide States with resources to enhance child care health and safety standards enforcement, give child care workers scholarships to improve their skills, and increase our commitment to understand better and evaluate how our Nation's child care system is working. Likewise, we ask the House to restore funds to the President's requested level for a \$5 million program designed to assist States in developing support systems for families of children with disabilities.

Head Start. The Committee funds Head Start at \$4.5 billion, \$160 million below the President's request -- denying slots to up to 25,000 low-income children in FY 1999 and

undermining efforts to serve one million children by the year 2002. Head Start has a track record of success in readying disadvantaged children for school, supporting working families by helping parents to get involved in their children's lives and providing services to the entire family. We urge the House to restore Head Start funding to the President's requested level.

Foster Care and Adoption Assistance. The Committee bill fails to provide the Administration's request for a \$200 million contingency reserve. This language is critical to ensure grant awards should the definite appropriations be insufficient for authorized eligible expenditures in either Foster Care or Adoption Assistance. The House should restore funding to the requested level of \$200 million, or approximately four percent of total program costs.

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Family Planning/Other Potential Health Riders. We understand that several amendments affecting Medicare, Medicaid, and public health programs may be introduced on the House floor that could have a detrimental effect on the Administration's ability to administer its responsibilities efficiently and equitably. We urge restraint in the consideration of these issues.

The Administration strongly objects to language in the House Committee bill, and to any related potential amendments, that would have the effect of requiring family planning or other health care grantees to obtain parental consent or provide advance notification to parents before giving contraceptives to minors. Mandating parental consent discourages minors from seeking health care and reproductive services and thus leads to more unintended pregnancies, abortions, and sexually transmitted diseases, including HIV. The Administration urges the House to adopt the proposed Castle/Greenwood amendment,

which will ensure that grantees will encourage minors to seek their family's participation in family planning decisions.

Needle Exchange. The Committee includes a total ban on the use of funds appropriated in this Act for needle exchange programs rather than making the use of funds for such programs conditional upon the certification of the Secretary of Health and Human Services.

Office of AIDS Research. The Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research. The single appropriation would help NIH plan and target research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

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Inspector General ought not to be prohibited from using funds to review, audit, or investigate activity related to that contract.

funding source that provided LSC programs with more than \$57 million last year and underscores the importance of action to fully fund the President's request. The Administration strongly supports efforts to increase funding for the LSC.

Small Business Administration

The Administration strongly objects to the Committee's funding levels for the administration of the Small Business Administration's (SBA's) programs. The Committee's funding level for the Salaries and Expenses account regular operating expenses represents a 27- percent reduction from the President's request, and includes a requirement that all of the reduction be taken from headquarters functions. Such funding levels would require reductions in staff by more than 1,200 staff years through severe reductions-in-force. Not even the elimination of all headquarters employees would satisfy the Committee report requirement to take reductions solely from non-District Offices.

Equal Employment Opportunity Commission

The Administration strongly urges the House to fully fund the President's request of \$279 million for the Equal Employment Opportunity Commission (EEOC), \$18.5 million above the Committee mark. The additional resources are essential and would allow EEOC to reduce the backlog of pending complaints and implement much-needed reforms in the way all complaints are managed, including an enhanced alternative dispute resolution program. We look forward to working with Congress to provide funding for EEOC and other programs included in the President's civil rights enforcement initiative.

Department of Commerce

Decennial Census. The language in the Committee bill is unacceptable. It is critical that the Congress provide full-year funding for the Decennial Census without any restrictions on the use of statistical sampling. Delays or disruptions would unacceptably complicate the management of this massive operation. We urge the Rules Committee to permit an amendment that removes these onerous language restrictions and provide funding that allows the Census Bureau to implement its current plan. This plan was developed by statistical experts and based on recommendations from the National Academy of Sciences, which found that regardless of cost, the methods of the past could not achieve satisfactory accuracy. The statistical methods incorporated in the Bureau's plan would produce the most accurate census possible and virtually eliminate the large undercounts of minorities, children and other groups that occurred in the 1990 census.

National Oceanic and Atmospheric Administration. The Administration objects to inadequate funding for Administration priorities within the National Oceanic and Atmospheric Administration (NOAA), including: the Clean Water Initiative to protect coastal communities; the GLOBE program, which promotes scientific discovery and student achievement; and, activities to implement the Endangered Species Act and Magnuson-Stevens Act. Reductions to the Climate and Global Change Program would slow research to understand the implications of extreme weather events such as El Nino.

In addition, by not fully funding the request for the National Weather Service, the Committee threatens vital services. Also, the Administration strongly objects to the extension of exclusive fishery management authority in Alabama, Louisiana, and Mississippi, which would undermine the current management regime to protect fisheries resources. Finally, the Administration is concerned with funding restrictions in bill language that could limit NOAA's ability to fulfill its mission.

The Administration is also particularly concerned about inadequate funding to fulfill contract obligations for the geostationary weather satellite program. Renegotiation or termination of these contracts would jeopardize satellite continuity and increase costs. The recent failure of the GOES-9 satellite underscores the need to maintain production schedules. The satellite allowance would necessitate a restructuring of the converged satellite program -- a complex and carefully negotiated multi-agency system.

National Institute for Standards and Technology. The Administration is concerned that the Committee's exclusion of the requested advance appropriation for the Advanced Measurement Laboratory would increase costs and delay completion by at least a year. We are also very disappointed by the lack of support for the Advanced Technology Program, which fosters cutting-edge research. The Committee allowance would support only \$43 million in new awards, 54 percent below the President's request of \$94 million for new awards.

Statistics Initiatives. The Administration is concerned about inadequate funding for high-priority statistical initiatives, especially the improvement of National Account measures, the Poverty Measure initiative, and the Continuous Measurement program, which will provide annual demographic information on the population and eliminate the need for the "long form" in the 2010 Census.

Minority Business Development Agency. Management reforms at the Minority Business Development Agency (MBDA) have improved delivery of programs and technical assistance, and MBDA has emerged as a stronger, more focused agency. The Administration objects to the reduction to MBDA's base and requests restoration of \$2.8 million.

National Information Infrastructure Program and Other Issues. In the Committee bill, the National Information Infrastructure program is reduced by \$4 million (20 percent) below the FY 1998 enacted level. Such a reduction would substantially decrease seed money for innovative information technology projects. In addition, the Administration strongly objects to onerous reporting requirements that would require the Department to notify Congress before exporting satellites to China.

Year 2000 Computer Conversion

In the FY 1999 Budget, the President has requested more than \$1 billion for Y2K computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and

other unanticipated needs. It is essential to make Y2K funding available quickly and flexibly. The House effort to defer action on the emergency fund in the Treasury and General Government Appropriations bill is very troubling, particularly in light of several Subcommittees, including the Commerce, Justice, State Subcommittee, deciding to not fund the base Y2K requests.

Department of Justice

The Administration appreciates the Committee's continued support for law enforcement and other Department of Justice activities. However, as discussed below, we are concerned about Committee action in a number of areas.

Title V -- At-Risk Children's Grant Program. The Administration urges the House to provide \$95 million requested for the At-Risk children's proposal. The At-Risk proposal supports local community prevention programs such as mentoring, truancy prevention, and gang intervention to prevent young people from becoming involved in the criminal justice system.

Drug Testing and Intervention. We are disappointed by the Committee's failure to provide any of the \$85 million requested for the drug testing and intervention program. Systematic drug testing is a proven, cost-effective means of using the coercive power of the criminal justice system to move non-violent offenders into drug treatment programs.

Imposition of State Ethics Rules. The Administration strongly opposes the provisions in the bill that would impose State ethics rules on Federal attorneys and establish an independent board that could fire Federal agents, prosecutors, and civil law enforcement attorneys. These provisions would undermine Federal law enforcement by subjecting Department of Justice attorneys to multiple and inconsistent State rules of conduct, transferring to the States the authority to regulate the conduct of Federal attorneys in the performance of their Federal law enforcement duties.

Protection Against Terrorism, Including Use of Chemical and Biological Weapons. We appreciate the Committee's support of the Administration's effort to combat terrorism, particularly the use of chemical and biological weapons. However, we ask that the Committee fully fund the request for the Attorney General's Counterterrorism Fund, including funding for local bomb squad equipment.

Protection Against Cybercrime and Attacks on Our Nation's Critical Infrastructures. The Committee mark excludes Counterterrorism Fund support to combat cybercrime, including funding for potential transfer to other agencies and for the FBI's National Infrastructure Protection Center. The Department of Commerce has identified funding requirements for the interagency Critical Infrastructure Assurance Office, which coordinates the development and integration of a national critical infrastructure plan. Failure to provide funding would endanger the Government's efforts to fight cybercrime.

Indian Country. We appreciate the Committee mark for Indian Country. However, we urge the House to fully fund the Administration's request for Indian Country criminal justice assistance, including FBI and U.S. Attorneys resources.

Federal Bureau of Investigation. The Administration is disappointed that the Committee's level for the Federal Bureau of Investigation (FBI) is \$52 million below the President's request. We are particularly concerned about the proposed \$30 million funding level for the FBI's Information Sharing Initiative (ISI), which is \$20 million below the request, and would prevent the FBI from improving its electronic case file information and thereby increasing the effectiveness and efficiency of the FBI's investigations. Furthermore, the reporting requirement on ISI would impede the FBI's ongoing efforts to provide critical information technology infrastructure support using existing resources.

Immigration and Naturalization Service. We appreciate the Committee's support for the Administration's border control initiative. However, the Committee's \$2.567 billion mark, \$156 million below the President's request, is insufficient to support a comprehensive, bipartisan border management and enforcement strategy. The President's request supports increased border management funding for Border Patrol agents, critical infrastructure and technology, detention support, interior enforcement, and includes \$36 million more than the Committee's level for Border Patrol, detention, and office construction. We urge the House to fully fund the President's request.

Bureau of Prisons/Abortion. The Administration urges the House to strike section 103 of the Committee bill, which would prohibit the Bureau of Prisons from funding abortions except in cases of rape or where the life of the mother is endangered. The Department of Justice believes that there is a great likelihood that this provision would be held unconstitutional.

Juvenile Justice Block Grant. The Administration is concerned that the \$250 million Juvenile Justice Block Grant in the Committee bill may authorize a broad and unfocused range of spending, and urges the House to provide funding for more targeted activities, including direct funds for local prosecutors to target juvenile and quality of life crimes.

Narrowband Communications. The Administration is disappointed that the Committee has not provided the \$86 million requested to establish a fund for the consolidation and coordination of the Department's conversion to narrowband communications systems. We urge the House to establish such a fund and to restore the \$24 million in base resources that are excluded from the Committee mark.

Potential Amendment Related to Presidential Executive Order

The Administration would strongly oppose an amendment that may be offered that would prohibit the use of funds in the Act for implementing the May 28, 1998, Presidential Executive Order which provides a uniform policy for the Federal Government to prohibit employment discrimination based on sexual orientation in the Federal civilian workforce.

International Affairs Programs

The Administration appreciates the Committee's support for the Department of State's Diplomatic and Consular Programs and Salaries and Expenses accounts. However, we are concerned about the Committee's reduction of \$26 million for the Department's operating requirements. Further, the Committee's reduction of \$38 million to the request for information technology improvements in the Capital Investment Fund would jeopardize the Department's effort to achieve Y2K compliance. In addition, limits placed on the amount of fees to execute the President's Border Security Program that can be used in FY 1999 could slow urgently needed border security improvements.

The Administration is very concerned about the Committee's \$245 million reduction to the request for Security and Maintenance of U.S. Missions. The Committee's mark does not fund construction of needed Embassy projects in Beijing and Berlin and would require offsets against regular security and maintenance activities to fund initial design work for these important projects. We request that the Committee provide a funding level consistent with the President's budget for urgently needed embassy facilities and ongoing security and maintenance programs, including Y2K-related activities.

The Administration appreciates the steps the Committee has taken to fund the request for arrearage payments this year. The Administration wants to work with the Congress to ensure that these funds are available in a timely fashion to retain our influence in these organizations and to identify reform measures that further U.S. interests. However, we strongly oppose the bill's authorization requirement that is intended to subject this important foreign policy measure to the unrelated issue of family planning policy. There is legitimate disagreement over this issue, but none of the U.N. and related international organizations arrears payments is related to this issue. Therefore, it is wholly inappropriate to hold the payment of U.S. arrears hostage to the family planning issue.

Further, although the Committee has provided significant funding for the Contributions to International Organizations (CIO) and Contributions for International Peacekeeping Activities for FY 1999, the Administration is concerned that reductions in these accounts would increase arrears and impair the ability of the United States to address foreign policy interests through the mechanism of U.N. peacekeeping.

The Administration opposes the Committee's proposal to provide up to \$15 million for Comprehensive Nuclear Test Ban Treaty needs by transfer from the CIO account without any increase in funding. We strongly believe that these important activities should be funded at the \$29 million level, as requested in the Nonproliferation, Anti-terrorism, Demining and Related Programs account.

The Administration is concerned about the \$21 million overall reduction to the request for the U.S. Information Agency (USIA). Given that the USIA request is virtually at the FY 1998 level, the Committee's reduction would hurt core public diplomacy activities, Year 2000 compliance, critical broadcasting activities including broadcasting to Africa, and important grant programs. We urge the House to provide funding for USIA's operating and special accounts at the requested level.

Finally, the Administration is concerned about the Committee's reductions for the Arms Control and Disarmament Agency, the Asia Foundation, the American Institute in Taiwan, and the International Commissions. Such reductions would place a disproportionate burden on the operating budgets of these small agencies.

Federal Communications Commission

The Administration is very concerned about the lack of funding for any of the requested increases for the Federal Communications Commission (FCC). The Committee's funding level could require an agency-wide furlough or reduction-in-force, impairing the FCC's ability to implement the mandates of the Telecommunications Act of 1996 and to carry out critical mission operations.

Teamsters Election

The Administration objects to the continuation of last year's rider that prohibits the use of funds for supervising the Teamster's election, despite a court order requiring the Federal Government to pay for a supervised election.

August 3, 1998
(House)

H.R. 4276 - COMMERCE, JUSTICE, STATE, THE JUDICIARY,
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999
(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 4276, the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's support for many of the President's priorities within the 302(b) allocation. For example, we appreciate the Committee's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of \$1.4 billion is consistent with the Balanced Budget Agreement and would enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000.

However, the allocation is simply insufficient to make the necessary investments in other critical programs funded by this bill. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually agreeable mandatory and other offsets that would be used to increase high-priority discretionary programs, including those funded by this bill. In addition, we hope that the House will reduce funding for lower priority and unrequested discretionary programs, and redirect funding to programs of higher priority.

The Administration has very serious concerns, discussed below, with the Committee's inadequate funding of a number of priority programs, as well as with objectionable language provisions. If the bill presented to the President does not address the issues discussed below, the President's senior advisers would recommend that he **veto** the bill.

Legal Services Corporation

The Committee bill funds the Legal Services Corporation (LSC) at \$141 million, \$142 million below the FY 1998 enacted level and \$199 million below the President's request of \$340 million. This funding level is unacceptable. It represents a 65-percent cut from the FY 1995 level of \$400 million, would severely cripple the program, and calls into question the Federal Government's commitment to ensuring that all Americans, regardless of income, have access to the Judicial system. The Supreme Court recently ruled that interest on lawyer trust accounts (IOLTAs) are the private property of clients

and cannot be used to generate resources for civil legal services. This eliminates a funding source that provided LSC programs with more than \$57 million last year and underscores the importance of action to fully fund the President's request. The Administration strongly supports efforts to increase funding for the LSC.

Small Business Administration

The Administration strongly objects to the Committee's funding levels for the administration of the Small Business Administration's (SBA's) programs. The Committee's funding level for the Salaries and Expenses account regular operating expenses represents a 27- percent reduction from the President's request, and includes a requirement that all of the reduction be taken from headquarters functions. Such funding levels would require reducing staff by more than 1,200 staff years through severe reductions-in-force. Not even the elimination of all headquarters employees would satisfy the Committee Report requirement to take reductions solely from non-District Offices.

Equal Employment Opportunity Commission

The Administration strongly urges the House to fully fund the President's request of \$279 million for the Equal Employment Opportunity Commission (EEOC), \$18.5 million above the Committee mark. The additional resources are essential and would allow EEOC to reduce the backlog of pending complaints and implement much-needed reforms in the way all complaints are managed, including an enhanced alternative dispute resolution program. We look forward to working with Congress to provide funding for EEOC and other programs included in the President's civil rights enforcement initiative.

Department of Commerce

Decennial Census. The language in the Committee bill is unacceptable. It is critical that the Congress provide full-year funding for the Decennial Census without any restrictions on the use of statistical sampling. Delays or disruptions would unacceptably complicate the management of this massive operation. We strongly urge the House to pass an amendment that removes these onerous language restrictions and provides funding that will allow the Census Bureau to implement its current plan. This plan was developed by statistical experts and based on recommendations from the National Academy of Sciences, which found that regardless of cost, the methods of the past could not achieve satisfactory accuracy. The statistical methods incorporated in the Bureau's plan would produce the most accurate census possible and virtually eliminate the large undercounts of minorities, children, and other groups that occurred in the 1990 census.

National Oceanic and Atmospheric Administration. The Administration objects to inadequate funding for Administration priorities within the National Oceanic and Atmospheric Administration (NOAA), including: the Clean Water Initiative to protect coastal communities; the GLOBE program, which promotes scientific discovery and student achievement; and, activities to implement the Endangered Species Act and Magnuson-Stevens Act. Reductions to the Climate and Global Change Program would

slow research to understand the implications of extreme weather events such as El Nino. In addition, by not fully funding the request for the National Weather Service, the Committee threatens vital services.

The Administration strongly opposes an amendment that would extend State jurisdiction of fisheries from three miles to "three marine leagues" for Alabama, Louisiana, and Mississippi. The extension of States' jurisdiction over marine resources beyond the currently drawn boundaries would undermine the current management regime and could have severe and detrimental effects on living marine resources in the Gulf. Finally, the Administration is concerned with funding restrictions in bill language that could limit NOAA's ability to fulfill its mission.

The Administration is also particularly concerned about inadequate funding to fulfill contract obligations for follow-on polar and geostationary weather satellite programs. Renegotiation or termination of these contracts would jeopardize satellite continuity for both civilian and military operations and increase costs. The recent failure of the GOES-9 satellite underscores the need to maintain production schedules.

National Institute for Standards and Technology. The Administration is concerned that the Committee's exclusion of the requested advance appropriation for the Advanced Measurement Laboratory would increase costs and delay completion by at least a year. We are also very disappointed by the reductions in the Advanced Technology Program, which fosters cutting-edge research. The Committee allowance would support only \$43 million in new awards, 54 percent below the President's request of \$94 million for new awards. Any amendment to either eliminate ATP funding or eliminate funding for new awards would be unacceptable.

Statistics Initiatives. The Administration is concerned about inadequate funding for high-priority statistical initiatives, especially the improvement of National Account measures, the Poverty Measure initiative, and the Continuous Measurement program, which will provide annual demographic information on the population and eliminate the need for the "long form" in the 2010 Census.

Minority Business Development Agency. Management reforms at the Minority Business Development Agency (MBDA) have improved delivery of programs and technical assistance, and MBDA has emerged as a stronger, more focused agency. The Administration objects to the reduction to MBDA's base and requests restoration of \$2.8 million.

National Information Infrastructure Program and Restrictions on Export Controls. In the Committee bill, the National Information Infrastructure program is reduced by \$4 million (20 percent) below the FY 1998 enacted level. Such a reduction would substantially decrease seed money for innovative information technology projects. In addition, the Administration strongly objects to onerous reporting requirements that would require the Department to notify Congress before issuing satellite export licenses to China.

Year 2000 Computer Conversion

In the FY 1999 Budget, the President has requested more than \$1 billion for Y2K computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. It is essential to make Y2K funding available quickly and flexibly. The House effort to defer action on the emergency fund in the Treasury and General Government appropriations bill is very troubling, particularly in light of several Subcommittees, including the Commerce, Justice, State Subcommittee, deciding not to fund the base Y2K requests.

Department of Justice

The Administration appreciates the Committee's continued support for law enforcement and other Department of Justice activities. However, as discussed below, we are concerned about Committee action in a number of areas.

Title V -- At-Risk Children's Grant Program. The Administration urges the House to provide \$95 million requested for the At-Risk children's proposal. The At-Risk proposal supports local community prevention programs such as mentoring, truancy prevention, and gang intervention to prevent young people from becoming involved in the criminal justice system.

Drug Testing and Intervention. We are disappointed by the Committee's failure to provide any of the \$85 million requested for the drug testing and intervention program. Systematic drug testing is a proven, cost-effective means of using the coercive power of the criminal justice system to move non-violent offenders into drug treatment programs.

Imposition of State Ethics Rules. The Administration strongly opposes the provisions in the bill that would impose State ethics rules on Federal attorneys and establish an independent board that could fire Federal agents, prosecutors, and civil law enforcement attorneys. These provisions would undermine Federal law enforcement by subjecting Department of Justice attorneys to multiple and inconsistent State rules of conduct, transferring to the States the authority to regulate the conduct of Federal attorneys in the performance of their Federal law enforcement duties. For example, this legislation would hamper investigations of drug operations across State lines as well as other multi-jurisdiction investigations such as the Oklahoma City bombing investigation.

Protection Against Terrorism, Including Use of Chemical and Biological Weapons. We appreciate the Committee's support of the Administration's effort to combat terrorism, particularly the use of chemical and biological weapons. However, we ask that the Committee fully fund the request for the Attorney General's Counterterrorism Fund, including funding for local bomb squad equipment.

Protection Against Cybercrime and Attacks on Our Nation's Critical Infrastructures. The Committee mark excludes Counterterrorism Fund support to combat cybercrime,

including funding for potential transfer to other agencies and for the FBI's National Infrastructure Protection Center. The Department of Commerce has identified funding requirements for the interagency Critical Infrastructure Assurance Office, which coordinates the development and integration of a national critical infrastructure plan. Failure to provide funding would endanger the Government's efforts to fight cybercrime.

Indian Country. We appreciate the Committee mark for Indian Country. However, we urge the House to fully fund the Administration's request for Indian Country criminal justice assistance, including FBI and U.S. Attorneys resources.

Federal Bureau of Investigation. The Administration is disappointed that the Committee's level for the Federal Bureau of Investigation (FBI) is \$52 million below the President's request. We are particularly concerned about the proposed \$30 million funding level for the FBI's Information Sharing Initiative (ISI), which is \$20 million below the request. This reduction would prevent the FBI from improving its electronic case file information and thereby increasing the effectiveness and efficiency of the FBI's investigations. Furthermore, the reporting requirement on ISI would impede the FBI's ongoing efforts to provide critical information technology infrastructure support using existing resources.

Immigration and Naturalization Service. We appreciate the Committee's support for the Administration's border control initiative. However, the Committee's \$2.567 billion mark, \$156 million below the President's request, is insufficient to support a comprehensive, bipartisan border management and enforcement strategy. The President's request supports increased border management funding for Border Patrol agents, critical infrastructure and technology, detention support, and interior enforcement, and includes \$36 million more than the Committee's level for Border Patrol, detention, and office construction. We urge the House to fully fund the President's request.

Bureau of Prisons/Abortion. The Administration urges the House to strike section 103 of the Committee bill, which would prohibit the Bureau of Prisons from funding abortions except in cases of rape or where the life of the mother is endangered. The Department of Justice believes that there is a great likelihood that this provision would be held unconstitutional.

Juvenile Justice Block Grant. The Administration is concerned that the \$250 million Juvenile Justice Block Grant in the Committee bill may authorize a broad and unfocused range of spending, and urges the House to provide funding for more targeted activities, including direct funds for local prosecutors to target juvenile and quality of life crimes.

Narrowband Communications. The Administration is disappointed that the Committee has not provided the \$86 million requested to establish a fund for the consolidation and coordination of the Department's conversion to narrowband communications systems. We urge the House to establish such a fund and to restore the \$24 million in base resources that are excluded from the Committee mark.

Potential Amendment Related to Presidential Executive Orders

The Administration would strongly oppose an amendment that may be offered prohibiting the use of funds in the Act for implementing Executive Order 13087, dated May 28, 1998. The purpose of Executive Order 13087 is to confirm and make uniform the existing bar preventing the Federal government from discriminating against members of the Federal civilian workforce based on sexual orientation. The term "sexual orientation" has its common, limited, and accepted meaning as in H.R. 1858, the Employment Non-Discrimination Act. Executive Order 13087 does not authorize affirmative action policies, such as recruitment, reporting, or goal-setting based on sexual orientation. Nor does it create any rights to file a complaint alleging discrimination on the basis of sexual orientation with a court or with the EEOC. The order leaves intact the current procedures for dealing with such complaints. The Administration objects to any effort to scale back policies that ensure that Federal workers are treated fairly. In particular, we object to any amendment that would allow discrimination based on sexual orientation.

The amendment would also prohibit the Federal Government from implementing Executive Order 13083 on Federalism. The Administration opposes this or other amendments, which would block our efforts to ensure that existing policies are consistent with recent Supreme Court decisions and unfunded mandates statutes and would inhibit our ongoing efforts to take into account important State and local concerns in Federal actions. After hearing concerns from representatives of State and local elected officials and their representative organizations and other interested parties, the Administration announced it would suspend implementation of the Executive Order in order to consult thoroughly with those groups about the content of the Order, and to make changes where appropriate.

International Affairs Programs

The Administration appreciates the Committee's support for the Department of State's Diplomatic and Consular Programs and Salaries and Expenses accounts. However, we are concerned about the Committee's reduction of \$26 million for the Department's operating requirements. Further, the Committee's reduction of \$38 million to the request for information technology improvements in the Capital Investment Fund would jeopardize the Department's effort to achieve Y2K compliance. In addition, limits placed on the amount of fees to execute the President's Border Security Program that can be used in FY 1999 could slow urgently needed border security improvements.

The Administration is very concerned about the Committee's \$245 million reduction to the request for Security and Maintenance of U.S. Missions. The Committee's mark does not fund construction of needed Embassy projects in Beijing and Berlin and would require offsets against regular security and maintenance activities to fund initial design work for these important projects. We request that the Committee provide a funding level consistent with the President's budget for urgently needed embassy facilities and ongoing security and maintenance programs, including Y2K-related activities.

The Administration appreciates the steps the Committee has taken to fund the request for arrearage payments this year and would strongly oppose amendments to reduce those levels. The Administration wants to work with the Congress to ensure that these funds are available in a timely fashion to retain our influence in these organizations and to identify reform measures that further U.S. interests. However, we strongly oppose the bill's authorization requirement that is intended to subject this important foreign policy measure to the unrelated issue of family planning policy. There is legitimate disagreement over this issue, but none of the U.N. and related international organizations arrears payments is related to this issue. Therefore, it is wholly inappropriate to hold the payment of U.S. arrears hostage to the family planning issue.

Further, although the Committee has provided significant funding for the Contributions to International Organizations (CIO) and Contributions for International Peacekeeping Activities for FY 1999, the Administration is concerned that reductions in these accounts would increase arrears and impair the ability of the United States to address foreign policy interests through the mechanism of U.N. peacekeeping.

The Administration opposes the Committee's proposal to provide up to \$15 million for Comprehensive Nuclear Test Ban Treaty needs by transfer from the CIO account without any increase in funding. We strongly believe that these important activities should be funded at the \$29 million level, as requested in the Nonproliferation, Anti-terrorism, Demining and Related Programs account.

The Administration is concerned about the \$21 million overall reduction to the request for the U.S. Information Agency (USIA). Given that the USIA request is virtually at the FY 1998 level, the Committee's reduction would hurt core public diplomacy activities, Year 2000 compliance, critical broadcasting activities including broadcasting to Africa, and important grant programs. We urge the House to provide funding for USIA's operating and special accounts at the requested level.

The Administration is concerned about the Committee's reductions for the Arms Control and Disarmament Agency, the Asia Foundation, the American Institute in Taiwan, and the International Commissions. Such reductions would place a disproportionate burden on the operating budgets of these small agencies.

In addition, the Administration would strongly oppose an amendment that may be offered that would prevent intervention by the Justice Department and other agencies in certain U.S. court proceedings to seize property of foreign governments designated as state sponsors of terrorism. Such a measure likely would result in seizures of property in direct violation of U.S. statutory and treaty law and in giving priority to certain U.S. claimants over long-standing, legitimate claims by other U.S. citizens. It could also lead to costs incurred by the United States in the event of judgements for foreign governments, retaliation against U.S. diplomatic properties abroad, and seizure of property where the United States is claiming an interest in actual ownership of the property. Moreover, this provision would undermine the Administration's ability to protect the interests of the United States in U.S. courts.

Finally, the Administration would oppose an amendment that may be offered that would restrict efforts to challenge State, local, or tribal laws on the grounds that the law is inconsistent with an international commercial agreement, including any trade or investment agreement. The Administration is committed to cooperating closely with State, local, and tribal governments and taking into account their views in implementing agreements with respect to any matter that directly affects their interests. Further, neither World Trade Organization (WTO) dispute settlement panels, nor the WTO itself, has any power to compel the United States to change its laws or regulations, and such trade panel reports cannot form the basis for bringing suit in U.S. courts.

Federal Communications Commission

The Administration is very concerned about the lack of funding for any of the requested increases for the Federal Communications Commission (FCC). The Committee's funding level could require an agency-wide furlough or reduction-in-force, impairing the FCC's ability to implement the mandates of the Telecommunications Act of 1996 and to carry out critical mission operations.

The Administration understands that an amendment may be offered that would prevent the Federal Communications Commission from enforcing collections for the e-rate program to connect schools and libraries to the Internet. This amendment is unacceptable. Such an amendment could effectively end the e-rate program. The e-rate is a critical component of Universal Service and promises to ensure that all American classrooms, including those in rural and low income areas, have full access to a powerful new set of learning tools.

Teamsters Election

The Administration objects to the continuation of last year's rider that prohibits the use of funds for supervising the Teamster's election, despite a court order requiring the Federal Government to pay for a supervised election.

August 5, 1998
(House Rules)

H.R. 4380 - DISTRICT OF COLUMBIA APPROPRIATIONS
BILL, FY 1999

(Sponsors: Livingston (R); Louisiana; Taylor (R), North Carolina)

This Statement of Administrative Policy provides the Administration's views on H.R. 4380, the District of Columbia Appropriations Bill, FY 1999, as reported by the House Appropriations Committee.

The Administration appreciates the Committee's support in developing a bill that provides sufficient Federal funding to implement the National Capital Revitalization and Self-Government and Improvement Act of 1997 successfully. While the Committee bill is an improvement over the Subcommittee version of the bill, the Administration is deeply concerned about inadequate funding for the D.C. economic development initiative and objects to a number of provisions of the Committee bill, as described below. We urge the House to adopt a bill that addresses the Administration's concerns.

Economic Development Initiative

The Administration has requested \$100 million for an economic development initiative in the District of Columbia: \$50 million to capitalize the locally-chartered National Capital Revitalization Corporation (NCRC), \$25 million for critically needed management reforms authorized by the Revitalization Act and related to the city's economic development infrastructure, and \$25 million for Metrorail improvements that would support the Washington Convention Center project. We appreciate the Committee's action to provide \$25 million to support transportation improvements associated with the Washington Convention Center, as requested, as well as \$21 million for infrastructure improvements in the District. However, we regret that the Committee has provided no funding for critically needed management reforms or funding to capitalize the locally-chartered NCRC. The Administration strongly urges the Committee to appropriate additional resources for economic development.

Public Education

The Administration appreciates the Committee's full support of charter schools and other public schools in the District and supports the Committee's appropriation of \$20.4 million in Federal funding for D.C. charter schools.

Abortion

The Administration strongly opposes the abortion language of the Committee bill, which would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations involving rape or incest. The Administration continues to view the prohibition on the use of local funds as

an unwarranted intrusion into the affairs of the District and would support an amendment, if offered, to strike this prohibition.

Micromanagement

The Administration opposes provisions of the Committee bill that would further restrict or otherwise condition management of the District Government, thereby undercutting the Financial Responsibility and Management Assistance Authority's (the Authority's) oversight and responsibility for the District's budget and financial condition. Further, the Administration is concerned about provisions that would undermine the responsibilities of the Superintendent of the District of Columbia Public Schools by legislating how local funds are used for salaries and pay raises.

The Administration is committed to working with the House to produce a bill that will assist the District in its continued efforts toward financial recovery. We look forward to working with the House to address our mutual concerns.

Objectionable Amendments

The Administration understands that three amendments may be offered that would seriously undermine local control. If such amendments were adopted and included in the bill presented to the President, his senior advisers would recommend that the President **veto** the bill.

An amendment to provide for the use of private school vouchers in the District. We would strongly oppose any legislation allowing the use of Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools and would draw resources and attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public.

An amendment that would prohibit adoptions in the District by couples that are unmarried or not related by blood.

An amendment that would prohibit the use of Federal and local funds for needle exchange programs and would prohibit private agencies from supporting needle exchange programs if they receive Federal or local funds (even if the funds used for the needle exchange programs are their own).

August 6, 1998
(House)

H.R. 4380 - DISTRICT OF COLUMBIA APPROPRIATIONS
BILL, FY 1999

(Sponsors: Livingston (R); Louisiana; Taylor (R), North Carolina)

This Statement of Administration Policy provides the Administration's views on H.R. 4380, the District of Columbia Appropriations Bill, FY 1999, as reported by the House Appropriations Committee.

The Administration appreciates the Committee's support in developing a bill that provides sufficient Federal funding to implement the National Capital Revitalization and Self-Government and Improvement Act of 1997 successfully. While the Committee bill is an improvement over the Subcommittee version of the bill, the Administration is deeply concerned about inadequate funding for the D.C. economic development initiative and objects to a number of provisions of the Committee bill, as described below. We urge the House to adopt a bill that addresses the Administration's concerns.

Economic Development Initiative

The Administration has requested \$100 million for an economic development initiative in the District of Columbia: \$50 million to capitalize the locally-chartered National Capital Revitalization Corporation (NCRC), \$25 million for critically needed management reforms authorized by the Revitalization Act and related to the city's economic development infrastructure, and \$25 million for Metrorail improvements that would support the Washington Convention Center project. We appreciate the Committee's action to provide \$25 million to support transportation improvements associated with the Washington Convention Center, as requested, as well as \$21 million for infrastructure improvements in the District. However, we regret that the Committee has provided no funding for critically needed management reforms or funding to capitalize the locally-chartered NCRC. The Administration strongly urges the Committee to appropriate additional resources for economic development.

Public Education

The Administration appreciates the Committee's full support of charter schools and other public schools in the District and supports the Committee's appropriation of \$20.4 million in Federal funding for D.C. charter schools.

Abortion

The Administration strongly opposes the abortion language of the Committee bill, which would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations involving rape or incest. The Administration continues to view the prohibition on the use of local funds as

an unwarranted intrusion into the affairs of the District and would support an amendment, if offered, to strike this prohibition.

Micromanagement

The Administration opposes provisions of the Committee bill that would further restrict or otherwise condition management of the District Government, thereby undercutting the Financial Responsibility and Management Assistance Authority's (the Authority's) oversight and responsibility for the District's budget and financial condition. Further, the Administration is concerned about provisions that would undermine the responsibilities of the Superintendent of the District of Columbia Public Schools by legislating how local funds are used for salaries and pay raises.

Reducing teen smoking is a high priority of the Administration; therefore, we support the objective of the amendment made in order related to the possession of tobacco products by minors. However, for the same reason that Congress has not legislated specific laws for individual States, it would be inappropriate to do so for the District of Columbia. We urge the House to modify this amendment to make it a sense of the Congress amendment.

The Administration is committed to working with the House to produce a bill that will assist the District in its continued efforts toward financial recovery. We look forward to working with the House to address our mutual concerns.

Objectionable Amendments

The Administration understands that three amendments may be offered that would seriously undermine local control. If such amendments were adopted and included in the bill presented to the President, his senior advisers would recommend that the President **veto** the bill.

An amendment to provide for the use of private school vouchers in the District. We would strongly oppose any legislation allowing the use of Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools and would draw resources and attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public.

An amendment that would prohibit adoptions in the District by couples that are unmarried or not related by blood.

An amendment that would prohibit the use of Federal and local funds for needle exchange programs and would prohibit private agencies from supporting needle exchange

programs if they receive Federal or local funds (even if the funds used for the needle exchange programs are their own).

September 17, 1998
(House)

H.R. 4569 - FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1999
(Sponsor: Callahan (R), Alabama;)

This Statement of Administration Policy provides the Administration's views on H.R. 4569, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. However, the bill is unacceptable to the Administration for the reasons described in this letter. The President would **veto** the bill if it were presented to him in its current form.

This legislation is a critical element of America's national security budget. At the dawn of a new century, America faces unique challenges and unprecedented opportunities to strengthen our national security, enhance our global leadership, extend the reach of our democratic values, and deepen our own prosperity. The challenges we face are formidable. If this bill in its current form were to become law, however, it would erode our ability to promote effectively critical American interests at home and abroad. It would require us to walk away from problems that can and must be solved. The responsibility for safeguarding our national security and exercising U.S. leadership must be foremost when allocating scarce fiscal resources. We urge the Congress to provide the leadership needed to keep America safe, strong, and prosperous.

The only way to achieve the appropriate investment level for the programs funded through this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill.

International Monetary Fund

While the Administration welcomes the Committee's efforts to provide funding for the International Monetary Fund's (IMF's) New Arrangements to Borrow (NAB), we are extremely concerned by the Committee's failure to include in its bill the requested appropriation for the \$14.5 billion U.S. share of the IMF's critically needed quota increase. Since February of this year, the President has repeatedly called on Congress to

approve the full amount of his \$18 billion budget request for the IMF. To reject or delay this funding not only would undermine America's leadership in the world; it also would expose American workers, savers, farmers, and businesses to unacceptable economic risks.

The IMF's financial resources are nearing historic lows, necessitating the recent activation of the IMF's emergency credit lines, the General Arrangements to Borrow (GAB), for the first time in twenty years. Without the entire \$18 billion in new funding, composed of the quota increase and the U.S. share of the New Arrangements to Borrow (NAB), the IMF -- and hence the United States and the world -- will remain vulnerable if new, escalating, or spreading systemic crises occur. To protect America's economic strength, Congress must act now to pass the full quota.

The Committee's bill proposes several conditions on IMF funding that, while directed at objectives we share, are unworkable in their current form and, therefore, would have the effect of delaying indefinitely the availability of these critical resources to the IMF. We urge the Congress to respond to these concerns as the bill moves through the process.

International Family Planning

The Administration strongly opposes the "Mexico City" restrictions that are included in the Committee bill, which would prohibit foreign non-governmental organizations from receiving U.S. family planning funds if the organization uses any of its own funding from non-U.S. Government sources for abortion-related services or advocacy. The Committee bill's "Mexico City" language is even more restrictive than the provision contained in the conference report on the Foreign Affairs Reform and Restructuring Act. The Administration continues to oppose these restrictions, which would deny funding to the most experienced and qualified family planning and maternal-child health care providers. As stated in past Administration communications, should this language be included in the final bill presented to the President, the President would **veto** the bill.

Korean Peninsula Energy Development Organization (KEDO)

The Administration strongly objects to the Committee action deleting U.S. funds for KEDO and including language prohibiting the President from exercising his authority to transfer funds from other sources for this purpose. The Agreed Framework reached between the United States and the Democratic Peoples Republic of Korea in 1994 remains the key tool with which we are able to engage with North Korea on a range of bilateral and multilateral issues, including missile tests. The Committee's actions would allow North Korea to blame the United States for not fulfilling our commitment to the Agreed Framework and, in essence, give the North an "out" to begin reprocessing fissile material currently monitored under international safeguards. Such an action would seriously destabilize security on the Korean peninsula, place U.S. troops in greater danger, and exacerbate the Korean financial crisis.

New Independent States

As recent events have indicated, the incomplete, peaceful transition of the New Independent States (NIS) to stable, market democracies is vital to the U.S. national security. The Congress has shared this view and provided considerable support for this program in the past. The current political/economic situation in Russia highlights how great the stakes are for the United States to continue to help Russia achieve this peaceful transition. The enormous economic potential of the Caspian Basin represents great opportunities to advance our mutual goals. Therefore, the cuts embodied in the Committee's funding level for USAID assistance programs to the NIS are especially unfortunate. These cuts would make it extremely difficult to push for market reforms and support democratic forces across the region. The Administration welcomes and strongly supports the Committee's action to repeal restrictions on U.S. assistance to Azerbaijan and would strongly oppose any efforts to overturn the Committee's action. These restrictions have been a disincentive for securing peace in the Caucasus and do not serve U.S. national interests.

Middle East Assistance

The Administration welcomes the efforts of the Committee to work with us in encouraging changes in traditional levels of assistance to countries in the Middle East. We believe that Israel's initiative to reduce Economic Support Fund (ESF) assistance provides an important basis on which to build future assistance programs that meet our needs in the Middle East and beyond. However, due to the very constrained funding levels for international affairs programs, the Administration has proposed an accelerated approach to the reduction of Israel's ESF. We would encourage the Committee to give strong consideration to such an approach as the bill proceeds through the process.

Economic Support Fund

The Administration is concerned with the overall funding level for the Economic Support Fund (ESF) account. At the Committee mark, the account would not nearly have sufficient resources to continue supporting economic and political stability in Latin America, and in other emerging democracies in Africa and Asia. We strongly encourage the Committee to support a higher funding level for the ESF account as the bill moves forward. In addition, the restrictions on assistance to Haiti need to be balanced with a national interest waiver to ensure that the President has sufficient flexibility to pursue our national interests.

Global Environment Facility

The Administration is concerned with the refusal of the Committee to fund the President's request for the Global Environment Facility (GEF), which is helping to reduce long-term environmental risks that will affect all Americans. The \$300 million request for GEF (of which \$192.5 million is arrears) is needed to assure that the GEF does not run out of resources in FY 1999. Concerns that funding the GEF would prejudice debate on the Kyoto Climate Protocol are misplaced: the new replenishment agreement is funded at the

same level as the prior one, and the GEF will continue with precisely the same broad work program that it had prior to Kyoto. The GEF is among the best vehicles that the United States has to encourage developing countries to shoulder greater responsibility for protecting both the local and global environment. It is manifestly in our interests to clear our arrears and keep the GEF running, and the Administration strongly urges the Committee to restore funding for this critical program.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)

The Administration is concerned with the \$64 million, or 30 percent, cut to the \$216 million request for NADR. This reduction would undermine the multi-prong effort that NADR supports to reduce the proliferation threat to U.S. national and global security. Lack of funding for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission would harm U.S. national security interests as it would eliminate planned improvements in our ability to monitor nuclear testing worldwide. The recent Indian and Pakistani tests are a stark reminder of the importance of this monitoring. As well, we would be forced to reduce support for NIS science centers, demining efforts, and other related activities.

Peacekeeping Operations

The Committee has reduced the \$83 million request for Peacekeeping Operations (PKO) by 25 percent. PKO provides vital assistance and support for many important national security and foreign policy activities, including commitments in Bosnia and Haiti, conflicts in Africa, and potential trouble spots such as in the Balkans. This reduction would severely limit the President's ability to respond to these and other evolving events.

Trade and Investment Financing

The Administration appreciates the Committee's effort to increase substantially the funding for the Export-Import Bank and to support the Overseas Private Investment Corporation and the Trade and Development Agency (TDA). However, Export-Import Bank funding still falls short of the level needed to meet the expected demand of U.S. exporters in FY 1999. Support for TDA, at 17 percent below the President's request, is insufficient to allow the agency to remain engaged around the world, especially given its growing program in the Caspian region.

U.S. Agency for International Development (USAID)

The Administration is concerned with the \$24 million cut in the request for USAID Operating Expenses. This reduction would not only make it impossible for USAID to carry out Presidential initiatives in Africa and Latin America, but also would interfere with the agency's ability to manage its ongoing programs effectively, including congressional priorities in areas such as infectious diseases and child survival, as well as to address management priorities. In particular, this reduction, combined with the House action striking the emergency fund in the Treasury and General Government

Appropriation bill, would make it difficult for USAID to implement fully its Year 2000 conversion. Even if USAID were to begin closing missions and eliminating additional positions immediately, the fixed costs of doing so would prevent AID from achieving the savings necessary in FY 1999 to respond to this cut. For these reasons, we urge the Committee to restore funding for USAID Operating Expenses.

In light of the continuing needs created by both natural disasters and ongoing civil conflicts, we urge the Committee to provide a higher level of funding for international disaster assistance. The Committee mark would cripple our efforts to respond expeditiously and effectively to countries in transition from crisis caused by political and ethnic conflict and could undercut our ability to address man-made and natural disasters.

The Administration is concerned that the Committee has not funded the modest \$6 million request for credit subsidy for the Urban Environment (UE) credit program, or provided transfer authority for USAID's Development Credit Authority (DCA). As the Congress and the Administration agreed in the FY 1998 appropriations legislation, USAID has taken substantial steps towards developing the capacity to manage both its existing and future credit portfolios. We urge the Committee to restore the transfer authority for the DCA and the subsidy request for the UE program. Failure to do so would limit the ability of USAID to use credit to promote development in urban areas and to encourage the development of needed private sector financial mechanisms.

The prohibition on the use of funds from the Child Survival and Disease Programs Fund for non-project assistance, which is specifically authorized in the Foreign Assistance Act, would weaken USAID's current leadership position with bilateral and multilateral donors to encourage and support policy reforms in sub-Saharan African countries.

Exchange Stabilization Fund

The Committee bill contains a provision that would limit the President's flexibility to utilize the Exchange Stabilization Fund as necessary to protect America's economic and security interests. For this reason, and because the Exchange Stabilization Fund is not germane to the purposes of this appropriations bill, the Administration opposes this provision.

Treasury International Affairs Technical Assistance Program

The Administration is disappointed that the Committee has not funded the \$5 million request for this program, which could significantly enhance the transition to stronger private sector-led growth and more efficient, transparent, and better supervised financial institutions in emerging economies, including reforming countries in Africa and financial crisis countries in Asia. Given the large potential benefits and modest cost of this program, which provides technical assistance in tax policy, development of domestic capital markets, and privatization of state enterprises, we urge the Committee to fund the request.

International Organizations and Programs (IO&P)

The Committee bill reduces the request for IO&P by \$55 million and, unfortunately, eliminates funding for the U.N. Population Fund (UNFPA), which provides support for women in family planning matters in a number of countries not served by U.S. assistance programs. UNFPA does not fund abortions. The overall reduction in IO&P would limit U.S. ability to participate and support a number of international organizations.

Peace Corps

The Administration regrets that the bipartisan Peace Corps initiative to fund 10,000 volunteers by the year 2000 has not received the full request of \$270 million from the Committee. However, we are heartened by report language stating that the Committee is prepared to approve a further increase should there be a reallocation of funds later in the appropriations process.

Community Adjustment and Investment Program (CAIP)

The Administration is concerned with the Committee's failure to fund the Community Adjustment and Investment Program, a program initially funded through the North American Development Bank, a multilateral development bank. The CAIP was established to help communities affected by adverse trade patterns associated with implementation of the North American Free Trade Agreement. To date, the program has assisted in more than 120 loans in 20 states, leveraging private sector financing of over \$70 million. The \$37 million requested would significantly bolster the CAIP's ability to continue this work, as well as to support technical assistance, grants, and micro-lending. The Administration urges the Committee to restore funding for this innovative program.

Year 2000 Conversion

In the FY 1999 Budget, the President requested more than \$1 billion for Year 2000 (Y2K) computer conversion, including specific amounts in the requests for the agencies funded in this bill. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. On September 2nd, the President transmitted to the Congress a request for \$3.25 billion in FY 1998 contingent emergency funding for Y2K computer conversion activities. This supplemental request would create a funding mechanism that is consistent with both the needs anticipated in the President's budget and the Senate's action creating a \$3.25 billion contingent emergency reserve to provide the resources and the flexibility necessary to respond to critical unanticipated Y2K-related requirements. It is essential that this contingent emergency funding be enacted as quickly as possible, whether through the Treasury/General Government bill or another legislative measure moving through the process earlier, particularly in light of the decision of several Subcommittees, including the Subcommittee on Foreign Operations, not to fully fund the base requests of a number of agencies for Y2K conversion. We urge Congress to leave as

much as possible of the reserve unallocated so that funds are available to address emerging needs.

October 5, 1998
(House Rules)

H.R. 4570 - Omnibus National Parks and Public Lands Act of 1998
(Rep. Hansen (R) UT)

For the reasons outlined below, the President's senior advisors will recommend that the President **veto** H.R. 4570 if the bill, either as introduced or in the form of the proposed substitute amendment, is presented to him.

H.R. 4570, an omnibus bill that would affect Federal lands and reclamation projects, includes many provisions that the Administration strongly opposes because they would cause grave harm to the Nation's natural resources. These include provisions that would:

Designate insufficient wilderness areas within the San Rafael Swell in Utah; sanction uses within the proposed wilderness area that would undermine wilderness values and management practices; establish confusing and inappropriate layers of management; and limit the Bureau of Land Management's ability to manage livestock.

Undermine the President's authority under the Antiquities Act to act quickly to protect significant natural, historical, and scientific resources on Federal lands; and prohibit, under the Antiquities Act, permanent designations of national monuments in excess of 50,000 acres without further congressional action.

Seek to accelerate timber harvesting on Federal lands through inappropriate application of alternative arrangements for the environmental review process under the National Environmental Policy Act (NEPA), while at the same time requiring the issuance of unnecessary, bureaucratic regulations which can hamper flexibility in addressing emergency situations.

Deny the public future access to lake-front lands around Canyon Ferry Reservoir, Montana, by conveying these properties to non-federal entities.

Permit the sale and lease of valuable structures and lands at Channel Island National Park, California, to private individuals.

Exclude certain lands and roadways from the Cumberland Island Wilderness, Georgia, thus undermining the ongoing collaborative effort between the Federal Government, non-federal public entities, and private individuals to prepare a wilderness management plan for both the Cumberland Island National Seashore and the Cumberland Island Wilderness.

Convey facilities and lands of eight Federal water resources projects throughout the West (e.g. the Sly Park Unit of the Central Valley Project, California) under terms and conditions that: (1) were not developed in an open and public manner; (2) lack sufficient environmental protections; and (3) fail to consider the financial interests of the American taxpayer.

Allow an airport to be constructed near Mojave Preserve, Nevada, without any consideration of the possible harmful environmental impact and effect.

Grant an irrevocable and perpetual easement over environmentally sensitive lands in the Chugach National Forest, Alaska, to the Chugach Alaska Corporation, thereby overriding the provisions of the 1982 Settlement Agreement with the Corporation's predecessor organization.

Notwithstanding the Administration's strong opposition to these and other provisions of the bill, as listed in the Attachment, the Administration has expressed support for some provisions that are now included in H.R. 4570. The Administration would fully support enactment of those particular bills, especially the legislation that would ratify an exchange agreement between the Department of the Interior and the State of Utah, if they are presented individually to the President.

Pay-As-You-Go Scoring

H.R. 4570 would affect direct spending; therefore, it is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's PAYGO estimate for this bill is under development.

September 24, 1998
(House)

H.R. 4578 - Save Social Security Act of 1998
Rep. Archer (R) TX

H.R. 4578 violates the President's pledge to save Social Security first. It calls for tens of billions of dollars to be drained out of projected budget surpluses before any action has been taken to strengthen Social Security for the long term. The President firmly believes that none of the projected surpluses should be touched until the long-term solvency of Social Security has been fully secured.

The unique opportunity to save Social Security must not be squandered. The Administration, therefore, strongly opposes H.R. 4578. If the bill were presented to the President in its current form, he would **veto** it.

September 25, 1998
(House)

H.R. 4579 - Taxpayer Relief Act of 1998
(Archer (R) Texas)

The Administration strongly opposes H.R. 4579. If the bill were presented to the President, either as a stand-alone bill or combined with other legislation, he would **veto** it. By draining billions out of projected budget surpluses, this bill violates the President's unwavering commitment to save Social Security first. None of the surpluses should be touched until the long-term solvency of Social Security has been fully secured. We must not squander this unique opportunity to save Social Security.

Last February in the FY 1999 Budget, the President proposed tax cuts targeted to help American families -- and proposed offsets to fully pay for the tax cuts. The Administration urges the Congress to consider tax cuts only if we can do so in a manner that adheres to the budget rules, maintains fiscal discipline, and meets the President's commitment to reserve the entire surplus until we have strengthened Social Security.

H.R. 4579 would cut taxes by \$85 billion over five years and \$176 billion over 10 years. Virtually none of the bill's costs have been paid for. This blatantly violates the pay-as-you-go fiscal discipline of the Budget Enforcement Act -- discipline which has been an essential component of our remarkable economic revival.

The rule that provides for consideration of the bill, which adds to the tax bill an exemption from the Budget Enforcement Act, evades this fiscal discipline. The Administration strongly opposes this exemption from the fundamental budget laws.

October 1, 1998
(Senate)

S. 1092 - King Cove Health and Safety Act
(Sen. Murkowski (R) AK)

The Administration strongly opposes S. 1092, as amended, and, if presented to the President, his senior advisers would recommend that he **veto** the bill.

S. 1092 would create an objectionable and unprecedented perpetual right-of-way through portions of the Izembek National Wildlife Refuge and Izembek Wilderness for building a public road and maintaining utility-related fixtures between the communities of King Cove and Cold Bay in Alaska. Specifically, S. 1092 would set a precedent by removing lands from wilderness in a land exchange to build a new road. S. 1092 is not compatible with the purposes for which the Refuge was established and would waive important environmental laws. As a result, S. 1092 would disrupt the habitat of many important species, including internationally-unique waterfowl populations and cause irreparable damage to the ecological integrity of this pristine wilderness area. Finally, the bill would undermine the intent of the recently enacted bipartisan "National Wildlife Refuge System Improvement Act of 1997."

The Administration recognizes the need to ensure adequate emergency medical care for the remote community of King Cove. The Administration will continue working with the State of Alaska and other interested parties to explore different transportation alternatives.

March 12, 1998
(Senate)

S. 1133 - Parent and Student Savings Account PLUS Act
(Coverdell (R) Georgia and 43 cosponsors)

If S. 1133, or its House companion measure H.R. 2646, were presented to the President, the Secretaries of Education and the Treasury would recommend that he **veto** the bill because it is bad education policy and bad tax policy.

Every American child deserves a high-quality elementary and secondary education. Targeting limited Federal resources to build stronger public schools will help ensure that all our Nation's children receive the education they need to become productive citizens. S. 1133 would divert needed resources from these schools.

S. 1133 would disproportionately benefit the most affluent families and provide little benefit to lower- and middle-income families. Families in the highest income bracket that saved the maximum amount permitted by S. 1133 would receive more than twice the benefit of families in the lowest tax bracket that saved the same amount. Moreover, given the expansion of tax-preferred savings vehicles in the Taxpayer Relief Act of 1997, the bill would not create a significant incentive for families to increase their savings for educational purposes. Instead, S. 1133 would reward families, particularly those with substantial incomes, for what they are already doing.

S. 1133 would also create significant compliance problems. Because the bill permits tax-free withdrawals from Education IRAs for a wide array of nonspecific expenditures, such as supplementary items for services required or provided by a school in which a child is enrolled, detailed family records will be needed to verify compliance.

We understand that Senator Daschle intends to offer a substitute that would devote revenue spent by this bill to school construction. We strongly support the school construction program, which would provide tax credits to improve the public schools and support a high-quality education available to every American child, regardless of their family income.

Pay-As-You-Go Scoring

S. 1133 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Reconciliation Act of 1990. The Administration's scoring of this bill is under development.

April 30, 1998
(House)

S. 1502 - District of Columbia Student Opportunity Scholarship Act
(Coats (R) Indiana and 4 cosponsors)

The Administration strongly opposes S. 1502 because it would appropriate Federal taxpayer funds to pay for private school vouchers. If this bill were presented to the President, the President's senior advisers would recommend that the bill be vetoed.

S. 1502 would create a program of Federally funded vouchers that would divert critical resources that should be devoted to our public education priorities to private schools, with little or no public accountability for how funds are used. Moreover, the bill is apparently designed to ensure that receipt of these vouchers, unlike other Federal funds, would not require schools to comply with Federal civil rights laws that protect students from discrimination on the basis of race, color, national origin, sex, or disability.

Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools, and would draw attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Efforts should focus on approaches that will improve education for all children. The D.C. public school system has intensified such efforts with its Improved Student Achievement Initiative.

Under S. 1502, Federal taxpayers would be asked to provide up to \$3,200 to each student with a voucher, nearly eight times the amount the Federal Government now makes available for public school children throughout the Nation. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public. This would be an extremely costly venture that could be a first step toward a nationalized voucher program at public expense. Choice among private schools should be paid for with private funds, with public funds used to provide choice among public schools.

Pay-As-You-Go Scoring

S. 1502 would increase direct spending; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. The bill does not contain provisions to offset the increased direct spending. If the bill were enacted, it could contribute to a sequester of mandatory programs.

OMB's preliminary scoring estimate is that this bill would increase direct spending by a total of \$7 million in FYs 1998 and 1999. Final scoring of this legislation may deviate from this estimate. If S. 1502 were enacted, final OMB scoring estimates would be published within seven working days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending and receipts will be reported to Congress at the end of the Congressional session, as required by OBRA.

September 9, 1998
(Senate)

S. 1645 - Child Custody Protection Act
(Sen. Abraham (R) MI and 24 cosponsors)

The Administration strongly opposes enactment of S. 1645 in its current form. If the bill presented to the President fails to address the concerns that are described below, the President's senior advisers will recommend that he **veto** it.

As stated in recent letters from White House Chief of Staff Erskine Bowles to the House and Senate Committees on the Judiciary, the Administration would support properly crafted legislation that would make it illegal to transport minors across State lines for the purpose of avoiding parental involvement requirements. Unfortunately, S. 1645, as reported by the Senate Committee on the Judiciary, fails to address a number of the critical concerns raised by the Administration. Specifically, the bill must be amended to:

Exclude close family members from criminal and civil liability. Under the legislation, grandmothers, aunts, and minor and adult siblings could face criminal prosecution for coming to the aid of a relative in distress.

Ensure that persons who only provide information, counseling, referral, or medical services to the minor cannot be subject to liability.

Address constitutional infirmities that the Department of Justice has identified in particular provisions of the legislation. These concerns were transmitted to Congress on June 24, 1998.

The Administration is concerned that S. 1645 raises important federalism issues, including the rights of States to regulate matters within their own boundaries. The Administration believes, however, that legislation that addresses the concerns noted above, and that is carefully targeted at punishing non-relatives who transport minors across State lines for the purpose of avoiding parental involvement requirements, would mitigate the federalism concerns.

Pay-As-You-Go Scoring

S. 1645 could affect both direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate of this bill is that it would have a net effect of less than \$500,000.

March 9, 1998
(Senate)

S. 1668 - Disclosure to Congress Act of 1998
(Senator Shelby (R) AL)

The Administration, after consultation with the Department of Justice, has determined that S. 1668 is unconstitutional. If the bill is presented to the President in its present form, the President's senior advisors would recommend that he **veto** the bill.

S. 1668 would require the President to inform certain Federal employees and contractors that disclosure to Congress of specified categories of information, including classified information, "is not prohibited by law, executive order, or regulation or otherwise contrary to public policy." This provision is clearly contrary to the Supreme Court's explicit recognition of the President's constitutional authority to protect national security and other privileged information. Congress may not vest lower-ranking personnel in the Executive branch with a "right" to furnish national security or other privileged information to a member of Congress without receiving official authorization to do so. By seeking to divest the President of his authority over the disclosure of such information, S. 1668 would unconstitutionally infringe upon the President's constitutional authority. We believe that existing congressional oversight mechanisms, as well as inspector general statutes, have proven effective in bringing instances of illegality, fraud, waste, and abuse to the attention of Executive branch managers and congressional committees.

May 11, 1998
(Senate)

S. 1723 - American Competitiveness Act
(Abraham (R) Michigan and 15 cosponsors)

S.1723, "The American Competitiveness Act," is intended to respond to a reported skills shortage in the information technology industry by increasing the annual cap on the number of temporary visas for foreign "specialty" workers under the H-1B program. For the reasons outlined below, the Administration strongly opposes Senate passage of S. 1723. If S. 1723 were presented to the President, the Secretary of Labor would recommend that the bill be vetoed.

Regrettably, S.1723 emphasizes providing opportunities for foreign workers rather than providing opportunities for and protecting U.S. workers. The bill's temporary increase in the annual number of H-1B visas is too large (up to 115,000) and lasts too long (5 years). In addition, the bill does not help ensure that U.S. workers do not lose their jobs to temporary foreign workers. Nor does the bill ensure that employers have made serious efforts to recruit U.S. workers for open positions so that qualified U.S. workers have the opportunity to fill a job before a temporary foreign worker is hired. Moreover, rather than strengthening program requirements and enforcement to prevent employer abuses of the H-1B program, S.1723 undermines some of the program's important enforcement provisions.

Since 1993 the Administration has sought reforms of the H-1B program, including: (1) requiring employers to make bona fide efforts to recruit and retain U.S. workers before hiring temporary foreign workers; and (2) prohibiting lay-offs of U.S. workers to replace them with foreign temporary workers. These reforms, if enacted, would help target H-1B usage to industries and employers that are experiencing skill shortages.

Also, the Administration believes that the first response for increasing the availability of skilled workers for industry must be increasing the skills of U.S. workers and helping the labor market work better to match employers with U.S. workers. S.1723 includes an authorization for a scholarship fund and a small fund to train dislocated workers, but it provides no funding for these programs. The Administration believes that increased training opportunities for U.S. workers should be funded, in part, through a modest H-1B application fee paid by employers. In addition, the Administration has called upon the private sector to establish training programs and partnerships with educational institutions to give U.S. workers the skills needed for these jobs. It also has urged industry to reach out to dislocated workers as well as segments of the labor force underrepresented in high skilled jobs. The Administration is eager to work with industry to help create these programs and partnerships.

Additional efforts to increase the skill level of U.S. workers and needed improvements in the H-1B program are necessary prerequisites for the Administration to support any short-term increase in the number of H-1B visas available for temporary foreign workers. The Administration wants to work with the Congress to develop a bill that addresses the

growing demand for highly skilled workers, while effectively protecting and promoting the interests of U.S. workers and enhancing the international competitiveness of important U.S. industries.

Pay-As-You-Go Scoring

S. 1723 would increase direct spending and receipts; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. The bill does not contain provisions to fully offset the increased direct spending. OMB's preliminary scoring estimates that this bill would increase direct spending by \$1 million annually during FYs 1999-2003.

May 11, 1998
(Senate)

S. 1873 - The American Missile Protection Act of 1998
(Sen. Cochran (R) MS and 22 others)

The Administration strongly opposes S. 1873 because it would commit the United States to deploy a National Missile Defense system in the absence of a current rogue state long-range ballistic missile threat. Commitment to deployment now would result in deployment of a technological option that may be outdated if a threat does emerge. For these reasons, if S. 1873 were presented to the President in its current form, the President's senior advisors would recommend that the bill be vetoed.

The Administration is committed to ensuring proper protection of the American people and America's national security interests. This requires a carefully balanced defense program that ensures the ability to meet threats to our people and vital interests wherever and whenever they arise. A key element of the Administration's defense program is the National Missile Defense program, which was restructured by the Department of Defense in 1997, with the support of Congress, as a "3+3" deployment readiness program. Under this approach, by 2000 the United States is to be in a position to make a deployment decision if warranted by the threat, and if a decision to deploy were made at that time the initial National Missile Defense system would be deployed by 2003. If in 2000 the threat assessment does not warrant a deployment decision, improvements in the National Missile Defense system component technology would continue, while an ability is maintained to deploy a system within three years of a decision.

The Administration shares with Congress a commitment to ensuring the American people receive protection from missile threats when they need it. S. 1873, however, would alter the "3+3" strategy so as to eliminate taking into account the nature of the threat when making a deployment decision. This would lead to deployment of an inferior system less capable of defending the American people if and when a threat emerges.

September 11, 1998
(Senate)

S. 1981 - Truth in Employment Act
(Sen. Hutchinson (R) AR and 22 others)

The Administration strongly opposes S. 1981. If the bill were presented to the President, he would **veto** it.

S. 1981 would seriously erode fundamental National Labor Relations Act protections of workers' rights to organize by allowing businesses to fire or refuse to hire union organizers. The Administration is committed to preserving the rights of workers to organize in order to secure higher pay, greater benefits, and job protections.

May 14, 1998
(Senate)

S. 2060 - National Defense Authorization Act for Fiscal Year 1999
(Thurmond (R) SC and Levin (D) MI)

The Administration supports prompt congressional consideration of its national defense authorization legislative proposal for FY 1999. As reported by the Committee on Armed Services, S. 2060 authorizes appropriations of \$270.6 billion for national defense programs in FY 1999, the amount requested by the President. The bill, however, raises serious budget and policy concerns which must be addressed satisfactorily.

Of particular concern, S. 2060 would reallocate funds to Department of Defense (DOD) military programs by: (1) reducing funding for the Department of Energy's (DOE) FY 1999 defense discretionary budget request; and (2) significantly reducing the Administration's request for intelligence activities.

The Administration also understands that amendments may be offered which would mandate troop withdrawal from Bosnia on a specified timetable. If such a Bosnia amendment were included in the final conference bill, the President's senior advisers would recommend that the bill be vetoed.

Potential "Mandated Bosnia Withdrawal" Amendments

A statutory requirement for troop withdrawals from Bosnia on a specified timetable could jeopardize the progress achieved to date, damage U.S. national security interests by undermining American leadership in Europe, and hinder the ability to forge a lasting peace. This type of requirement would unduly restrict the President's authority to deploy force levels sufficient to ensure the safety of U.S. troops and to successfully complete the mission in Bosnia.

Over the past year, the Administration and NATO have developed benchmarks that will serve as measures for progress and provide a basis for periodic reviews of commitments in the region. As the circumstances warrant, the Administration will further reduce forces in Bosnia. Setting dates in law for withdrawal would undermine that process and the progress made to date. The Administration strongly urges the Senate not to include any language mandating withdrawal from Bosnia.

Reduction of DOE Funds

The Administration strongly objects to the \$359 million reduction from the requested level for DOE's defense and environmental management activities. The Committee has erroneously characterized a \$145 million cut in stockpile stewardship and a \$21 million offset in Environmental Management as reductions to prior year balances. Since DOE has eliminated its excess balances over the past four years, the Committee's bill will force real reductions in critical programs needed to ensure the safety, security and reliability of America's nuclear deterrent. The \$275 million reduction in the Environmental

Management Privatization account cuts funds which are needed to demonstrate to the financial investment community the Department's commitment to the privatization approach, and which are required to complete key nuclear waste disposal facilities. In addition, the Administration objects to reductions in the program direction accounts for the Environmental Management, Defense Programs, and Nuclear Nonproliferation programs which have reduced their federal workforce substantially since 1995.

Reduction in Request for Intelligence Budget

The Administration strongly opposes the bill's significant reduction in the Administration's FY 1999 Budget request for intelligence activities. This substantial reduction could have severe near- and long-term effects on the ability of the intelligence community to provide battlefield support. For example, these reductions will impede the intelligence community's ability to: (1) provide early warning information to decision makers; (2) gather data on weapons of mass destruction; and (3) collect and analyze information regarding countries where U.S. Armed Forces might be deployed.

Base Realignment and Closure

The Administration is disappointed that the bill does not adopt the DOD proposal to authorize two additional rounds of base closure and realignment in 2001 and 2005. The DOD base infrastructure is far too large for today's military forces and must be reduced if readiness and modernization requirements are to be met over the next decade.

Unrequested Funding

S. 2060 adds over \$1.2 billion to the Administration's request for weapons modernization and \$500 million more for construction programs. Some of these increases are for programs that, due to higher priority military requirements are not in the Future Years Defense Program (FYDP) or that should not be funded instead of DOD's FY 99 requirements. These include \$318 million for four additional C-130J airlift aircraft, \$94 million for the Space-Based Laser Technology program, and \$50 million for advance procurement of an amphibious ship, the LHD-8. Moreover, to complete procurement of the LHD-8, extensive funding will be required in later years. These increases for lower priority weapons modernization and military construction programs would be at the expense of higher priority defense programs.

Small and Disadvantaged Businesses

The Administration is strongly opposed to limitations that would impede the ability of the Department of Defense to assist small and disadvantaged businesses in obtaining contracts. Provisions in this bill would have a negative impact on these programs and would create uncertainty in future years. The Administration will soon issue improvements to procurement programs for small and disadvantaged businesses that are carefully crafted to not only provide procurement opportunities for these businesses, but also ensure that the programs do not unlawfully or unfairly diminish contracting

opportunities for non-minority firms and meet legal requirements as set forth by the courts.

Early Retirement Authority for Civilian Employees

Section 1104 would grant the Department of Defense Voluntary Early Retirement Authority. The Administration strongly encourages the Senate to instead extend government-wide flexible early retirement authority, under OPM's oversight, until 2003. Therefore, the Administration has concerns with section 1104 as reported by the Committee, and looks forward to working with the Congress to provide permanent authority for tailored voluntary early retirements.

Spectrum

The Administration supports language included in the Senate bill requiring mandatory reimbursement of Federal spectrum users when forced to modify systems or to relocate as a result of new commercial licensees. Mandatory reimbursement will help facilitate effective management of spectrum in times of increasing demand and new commercial opportunities. The Administration appreciates the Senate's recognition of the importance of providing the same opportunity to Federal users as is afforded the private sector.

The Administration, as it continues to review the bill, may identify other issues (e.g., health care demonstration projects), and will work with the Congress to develop a more acceptable bill.

July 30, 1998
(Senate)

S. 2132 - DEPARTMENT OF DEFENSE
APPROPRIATIONS BILL, FY 1999
(Sponsor: Stevens (R), Alaska)

This Statement of Administration Policy provides the Administration's views on S. 2132, the Department of Defense Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill providing requested funding for many of the Administration's priorities. We appreciate the Committee's decision to fully fund readiness programs. Also, we are pleased that most of the modernization priorities of the Department of Defense are funded at or near requested levels. However, the Administration is disappointed that the Senate, based on OMB's preliminary scoring, has provided \$475 million below the President's overall request for this bill due to increases in lower priority military construction projects. Also, as discussed below, the Administration has serious concerns about certain provisions included in the Committee bill, which must be addressed satisfactorily as the bill moves through the process.

Funding for Bosnia

The Administration regrets that the Committee did not include funding for our ongoing operations in Bosnia and looks forward to a satisfactory resolution of this issue. U.S. military presence, albeit at lower force levels, is critical for continued progress in implementing the Dayton Peace Accords. Although funding requirements for operations in Bosnia were not known when the FY 1999 Budget was prepared, the Administration created a funding reserve in the budget to cover these costs, and on March 3, 1998, the President requested funding for this purpose. A secure funding source at the start of the fiscal year allows the Department to manage its readiness accounts effectively throughout the year. The Administration strongly urges the Senate to provide emergency funding in the Defense Appropriations bill and appreciates the Committee's consideration of these concerns.

Unrequested Funding

The Committee bill increases funding for programs that due to higher priority military requirements are not in the Future Years Defense Program (FYDP), or, that should not be funded at the expense of DoD's FY 1999 requirements. These increases include \$50 million for continued operation and modification of excess B-52 bombers, \$255 million for three additional C-130J airlift aircraft, \$287 million for National Guard and Reserve equipment (not including C-130 aircraft), \$94 million for the Space Based Laser program, and \$50 million for advance procurement of the LHD-8 amphibious ship. Moreover, to complete procurement of the LHD-8, extensive funding will be required in

later years. These increases would be at the expense of higher priority defense programs.

Reduction in Request for Intelligence Budget

The Administration objects to the Committee's significant reduction to the FY 1999 funding request for U.S. intelligence. The Committee's reduction would slow the Administration's efforts to strengthen our Intelligence capabilities. The Administration urges the Senate to appropriate the full amount of the President's request to ensure that the Intelligence Community can meet the most pressing needs of our national policy makers and combatant commanders. The Director of Central Intelligence will provide additional detail on these classified issues prior to the conference on the Defense appropriations bill.

O&M Adjustments

The Administration appreciates the bill's emphasis on preserving military readiness through strong funding of most O&M programs. However, force readiness could be threatened by the bill's reductions to other O&M efforts, such as civilian personnel pay. The President's request is very tightly constructed within the discretionary caps agreed to in the Bipartisan Budget Agreement. Any adjustments must be carefully evaluated to ensure that sufficient funding is available for DoD operations and support programs. The Administration is also concerned that additional restrictions may be placed on O&M accounts that would further hinder the ability of field level commanders to meet mission requirements quickly in a constantly changing environment. The Administration would like to work with the Congress to address these issues prior to final congressional action on the bill.

Reduced Funding for the Next-Generation Aircraft Carrier

The Committee bill would reduce funding for research and development of CVX-78, the next-generation aircraft carrier, by \$116 million, a 61-percent decrease from the President's request. A reduction of this magnitude would jeopardize the Navy's ability to design and deliver new aircraft carrier technologies and would make it difficult to achieve life-cycle cost reductions, a major goal of the aircraft carrier development program. The Administration urges the Senate to restore funding to this important development effort.

Reduced Funding for Dual Use R&D

The Committee has provided \$36 million for the Dual Use Applications Program, \$30 million below the President's request, and \$73 million for the Commercial Operations and Support Savings Initiative, \$30 million below the request. The Administration urges full support of these programs, which are needed to ensure that DoD systems employ technologies used in commercial products to good advantage. These dual-use

technologies will help lower production and support costs and help modernize many DoD systems more readily than could be done through use of DoD-unique technologies.

Next Generation Internet

The Committee has provided only \$30 million for Next Generation Internet (NGI) funding, \$10 million less than requested. Funding this program will support research into high-rate data networking technologies that will be needed by DoD's information-intensive systems in the near future. The Administration urges full funding of the NGI request.

Potential Objectionable Amendments

The Administration understands that several amendments may be offered which would undermine the President's prerogatives as Commander-in-Chief and potentially harm U.S. national security. These amendments would: prescribe a force drawdown in Bosnia; potentially require prior congressional authorization of actions taken by the President to protect our national security pursuant to his authority under the Constitution; and, alter the current commercial satellite export licensing jurisdictions of Executive Branch agencies. The President's senior advisors would recommend **veto** of this bill if it includes these or similar amendments.

September 24, 1998
(Senate)

S. 2176 - Federal Vacancies Reform Act of 1998
(Thompson (R) TN and 6 cosponsors)

The Administration cannot support S. 2176 as reported by the Senate Governmental Affairs Committee. S. 2176 would revise the process set forth in the Vacancies Act for filling vacancies in positions that are subject to Presidential appointment and Senate confirmation. If the bill is not amended to address the Administration's concerns below and more fully described in the attached Erskine Bowles 7/28/98 letter to the Senate, the President's senior advisers would recommend that he **veto** the bill.

S. 2176 threatens the ability of the Executive branch to fulfill its statutory and constitutional obligations. This threat arises, in particular, because the bill would: (1) too narrowly limit who can serve in an "acting" capacity; (2) provide no safety valve for instances in which the bill might interfere with critical duties pertaining to national security, criminal law enforcement, public health and safety, the stability of financial markets, and the oversight of financial institutions; and (3) provide insufficient time to fill positions, especially at the beginning of an Administration.

September 8, 1998
(Senate Floor)

S. 2237 -- DEPARTMENT OF THE INTERIOR
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999
(Sponsors: Stevens (R), Alaska; Gorton (R), Washington)

This Statement of Administration Policy provides the Administration's views on S. 2237, the Department of the Interior and Related Agencies Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated. Due to inadequate funding levels for priority programs and at least 24 objectionable language riders, discussed below, the President's senior advisers would recommend that he veto the bill if it were presented to him as approved by the Committee.

The Administration appreciates efforts by the Senate to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas.

The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs together with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. The Administration urges the Congress to consider such mandatory proposals for other priority discretionary programs, including those funded through this bill.

The Administration's specific concerns with funding and language provisions of the Senate Committee bill are discussed below.

Departments of the Interior and Agriculture

The Administration strongly objects to inadequate funding provided by the Committee for high priority programs within these two departments, including:

Everglades restoration and other land acquisition funding from the Land and Water Conservation Fund;

the Clean Water Action Plan to clean up America's ground and surface waterways;

the Disaster Information Network providing enhanced data to protect Americans;

BIA education operations and construction, the Indian Country law enforcement initiative, and the land consolidation pilot project and other trust system reforms;

the Endangered Species Programs, including landowner incentive grants;

key Forest Service natural resource protection, road maintenance and general administration programs, while increasing the timber program by \$20 million; and,

finally, specific earmarks for many unrequested projects that would limit the land management agencies' ability to allocate funds for high priority needs.

The Administration urges the Senate to report a clean bill that does not attempt to roll back environmental protections and circumvent the public hearing process by attaching riders to appropriation bills. Unfortunately, the Committee bill contains at least 24 objectionable riders, 22 in bill language and two additional ones in report language. The Administration strongly objects to such language, including provisions that would: unwisely terminate the Interior Columbia Basin Ecosystem Management Project in six Northwest States;

establish an unprecedented easement for the community of King Cove for a road and utilities across a wilderness area in Alaska in the Izembek National Wildlife Refuge;

mandate a high timber sale level on the Tongass National Forest in Alaska, regardless of environmental impacts, other resource priorities, and the ongoing public process for finalizing the Tongass Forest Plan;

continue to delay rules that would establish the fair market value for Federal and Indian oil leases, costing the Treasury \$64 million a year in underpaid royalties;

delay implementation of environmental protections for hardrock mining reclamation on Federal lands;

institute for the first time a means-test for tribes as a basis for redistributing Tribal Priority Allocation funding;

amend an authorizing statute, the 1992 Elwha Act, to significantly change the congressionally approved plan for restoring Elwha River and Olympic National park and leave the National Park Service owning two non-compliant dams without the funds to remove them;

hinder efforts to restore endangered and threatened Pacific salmon runs in the Columbia and Snake Rivers;

require the Forest Service to maximize commercial wood harvesting before the agency conducts prescribed burning projects, effectively stopping most prescribed burns and endangering lives and property;

prohibit Grizzly Bear reintroduction into the Selway-Bitterroot area of Idaho and Montana;

prohibit Park Service regulation of commercial fishing in Glacier Bay National Park in Alaska;

undermine the CFO Act and the responsibilities of USDA top management by encouraging the Forest Service to select and implement a financial computer system that is independent of the Department of Agriculture;

transfer the jurisdiction over the valued Land Between The Lakes National Recreation Area from the Tennessee Valley Authority, where it has been successfully managed for over thirty-five years, to the U.S. Forest Service, a disruptive change that would involve additional transition costs without improving service;

place unnecessary limits on Federal land acquisitions in Alaska;

prevent the Forest Service from charging fair market value for summer vacation homes in an Idaho national forest, undermining the current effort to reappraise all such leases nationwide;

require the Forest Service to trade timber in return for restoration practices, an adverse precedent that could devolve into a perpetual cycle of using logging to pay for land management;

require unauthorized four-wheel-drive roads to be obliterated before any other type of road can be decommissioned, virtually preventing work on regular roads that pose serious environmental risks and are ready to be removed;

waive environmental laws and automatically extend the term of grazing leases that are undergoing review by the Bureau of Land Management even though authority already exists to protect lease holders from termination of leases undergoing review;

force the Forest Service to sell all Alaskan timber sales using an outdated, impracticable appraisal method that undermines the public return on national forest management;

prohibit the Department of the Interior from using FY 1999 funds to transfer land into trust status in Minnesota, setting a precedent for limitations on trust land acquisition; and,

amend, in two different provisions, the National Forest Management Act, to prohibit forest plan revisions, thus requiring continued use of inadequate and dated forest plans -- even beyond their statutory 15 year lifespan.

In addition, the Senate Committee Report includes objectionable language, including language that would:

require timber sale offers from national forests to be 3.8 billion board feet rather than the 3.4 billion board feet assumed in the FY 1999 Budget; and,

direct the National Park Service to maintain aviation access to a gravel airstrip within the Denali National Park, effectively overturning a 1997 Environmental Impact Statement calling for eventually closing the airstrip and relying on a paved airstrip 10 miles away.

Land and Water Conservation Fund

The Administration strongly objects to the Committee's cuts in land acquisition funding to protect our national parks, forests, refuges, and public lands. The Committee has provided \$233 million of the \$270 million requested, with Everglades land acquisition funds cut by half. This reduction in funding would prevent the Administration from making significant land acquisitions such as Cumberland Island National Seashore in Georgia and West Eugene Wetland in Oregon.

The Administration also objects to the Committee's continued inaction on the promised congressional release of the \$362 million appropriated in FY 1998 for Federal priority land acquisitions. As requested by Congress, the Administration has submitted a list of proposed land acquisitions. In response, the Committee has not only held back the FY 1998 Title V funding but also has funded some items on the Administration's 1998 list with FY 1999 funding, resulting in critical acquisitions planned for both years being delayed or unfunded.

Millennium Program

The Administration appreciates very much the \$13 million provided to the National Park Service and the Smithsonian for Millennium Program projects. We strongly urge the Senate to provide full funding with maximum flexibility and discretion for allocation in order to preserve other important cultural and historic treasures for the next millennium that are in danger of deteriorating beyond repair. Many of these projects are time-sensitive and cannot be delayed.

Department of Energy

While higher than the House Committee mark, the Senate Committee's funding level represents a highly objectionable \$162 million reduction to the President's request for Energy Conservation. The Committee mark would be damaging to progress in partnerships with industry on improved industrial energy efficiency, development of more efficient autos and trucks, and designs and materials for more efficient buildings.

The President's budget requests \$36 million for payment to the State of California for the Retired Teachers System associated with the sale of Elk Hills, which is not included in the Committee bill. The Administration prefers that this payment be appropriated consistent with the FY1996 Defense Authorization Act (P.L. 104-106).

The Administration would like to work with the Congress to restore funding to these important Department of Energy programs as the bill moves through the process.

Indian Health Service

The Administration is concerned that the Committee bill does not include funding increases requested for the President's Race Initiative, alcohol and substance abuse initiative, and for first-year construction of the Fort Defiance Health Facility. The Administration intends to work with the Senate to fund these important initiatives within funds available for the Indian Health Service.

The Administration strongly objects to the Committee's inclusion of authorizing language, without hearings or tribal consultation, that requires contract support costs to be distributed to tribes on a pro-rata (proportional) basis.

Cultural Agencies

The Administration appreciates the Senate's support for the National Endowment for the Arts (NEA). We urge the Senate to provide funding for NEA and NEH at the President's requested level of \$136 million each and for the Institute for Museum and Library Services at the requested level of \$26 million.

Likewise, the Administration appreciates the Senate's support for the other cultural agencies funded by this bill, including funding for the National Museum of the American Indian and the full request for the National Gallery of Art, the Holocaust Museum, and the Kennedy Center for the Performing Arts. However, the Administration urges the Senate to provide the full \$40 million request for repair and restoration in the Smithsonian Institution and the requested funding for digitization of the Smithsonian collections.

July 10, 1998
(Senate)

S. 2271 - Property Rights Implementation Act of 1998
(Sen. Hatch (R) UT)

The Administration strongly opposes S. 2271 because it would shift authority over local land use issues away from local communities and State courts to Federal courts. The bill would subject local communities to the threat of premature, expensive Federal court litigation that would favor wealthy developers over neighboring property owners and the community at large. The President will **veto** S. 2271 or any similar legislation.

S. 2271 would harm neighboring property owners, weaken local public health and environmental protections, and diminish the quality of life by undermining local land use planning. Through radical changes to the existing legal doctrine of ripeness, the bill would give developers inappropriate leverage in their dealings with local officials by making it easier to sue local communities far earlier in the land use planning process. S. 2271 also purports to allow takings claimants to circumvent State courts altogether.

The bill would violate constitutional limits on congressional power if read, as its supporters intend, to allow for a ruling that an uncompensated taking has occurred even where the claimant fails to pursue available State compensation remedies. The bill also would prohibit Federal courts from "abstaining" or deferring to State courts on certain delicate issues of State law. It would lead to poorly informed decisions by allowing claimants to bring claims in Federal courts without an adequate factual record, the very claims that the courts themselves have said are unripe for resolution.

S. 2271 would empower the U.S. Court of Federal Claims to invalidate Federal statutes and rules and grant other injunctive relief in a broad category of cases. This grant of authority to a non-Article III court raises a host of serious constitutional and policy concerns.

The bill provides that, by including a property rights claim, any litigant against the United States could ensure that the entire case would be reviewed on appeal by the U.S. Court of Appeals for the Federal Circuit, an approach that would promote inappropriate forum-shopping. This would dramatically increase the legal influence of the Federal Circuit at the expense of other circuits, thereby disrupting settled interpretations of important areas of the law.

S. 2271 also could override the "preclusive review" provisions found in many Federal statutes, including major environmental laws. These provisions allow for the swift and orderly resolution of challenges to Federal actions. S. 2271 would deprive affected businesses and the public of the regulatory stability needed to plan their actions.

July 23, 1998
(Senate)

S. 2307 - DEPARTMENT OF TRANSPORTATION
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999
(Sponsors: Stevens (R), Alaska; Shelby (R), Alabama)

This Statement of Administration Policy provides the Administration's views on S. 2307, the Department of Transportation and Related Agencies Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's effort to include in its bill many of the priorities recently agreed to by the President and Congress in the Transportation Equity Act for the 21st Century (TEA-21). However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a variety of critical programs are under-funded. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs together with mandatory offsets. The Administration urges the Congress to consider such mandatory proposals for other priority discretionary programs.

The Administration is concerned that the Committee bill could seriously disrupt air transportation safety and vital Federal Aviation Administration (FAA) and Coast Guard modernization programs, and delay Amtrak's progress towards operating self-sufficiency. The Senate could partially accommodate the funding increases recommended below by adhering more closely to the President's request for the Airport Grants program, High Speed Rail, Coast Guard Alteration of Bridges, and other programs.

The bill also includes a number of objectionable language provisions. In particular, the Secretary of Transportation has indicated that he would recommend that the President **veto** the bill if it includes section 322, which could severely limit the use of project labor agreements. The Administration's concerns with the Committee bill are discussed below.

Air Transportation and Highway Safety

The Administration strongly urges the Senate to restore the \$50 million reduction to FAA Operations and eliminate the earmarks for low-priority programs, such as subsidies for non-cost beneficial contract towers. These funds are necessary to ensure that the FAA can hire the security personnel and safety inspectors needed to meet the demands from increased air travel. To protect the safety of automobile travelers adequately, we ask that the Senate provide an additional \$12 million for high priority National Highway Traffic Safety Administration (NHTSA) programs. In addition, the Administration urges the

Senate to provide funding requested by the President to add a second civil signal to the Global Positioning System.

FAA and Coast Guard Modernization

The Administration is concerned about language that is intended to constrain outlays for FAA Facilities and Equipment in FY 1999. We question whether this provision can be implemented and, if so, whether it would lead to unintended and unfavorable programmatic effects. We look forward to working with the Senate to address our concerns. In addition, we urge the Senate to fund fully the President's request for the Facilities and Equipment account. Funding at any lower level could delay National Airspace System modernization.

The Administration objects to the virtual elimination of funding for the Flight 2000 program. This program is a key element of the FAA's plans to make a transition to a more efficient, user involved, satellite-based air traffic control system to meet the air traffic needs of the next century. The Senate is requested to provide the \$100 million in the FAA Facilities and Equipment account to deploy explosive detection systems. The Committee's decision to provide up to \$100 million for this purpose in the Airport Grants account would preclude the FAA from deploying these systems based on security requirements and may result in fewer systems being deployed.

The Administration opposes the Committee's reduction of \$57 million to the President's request of \$443 million for Coast Guard capital investments. These capital projects provide long-term operating savings and are necessary to ensure that the Coast Guard has the necessary infrastructure to fulfill its maritime safety, drug interdiction, environmental protection, and national security goals. In addition, the Administration urges the Senate to fund fully the President's request for \$8.5 million for the Nationwide Differential Global Positioning System.

Amtrak

As this bill moves forward, we urge Congress to fund fully the President's request for Amtrak so that it can carry through on the bipartisan, five-year reform plan envisioned by the Amtrak Reform and Accountability Act of 1997. Amtrak is an essential component of the nation's inter-city transportation system.

Access-to-Jobs

The Administration requests that the Senate provide an additional \$50 million to fully fund the President's request of \$100 million for the Access-to-Jobs program. This program is a critical component of the Administration's welfare reform effort. The additional resources are essential to helping more individuals in communities around the country make a successful transition from welfare to work.

Civil Rights and Office of the Secretary

The Administration strongly urges the Senate to restore the 20-percent reduction made by the Committee to the funding request for the Office of Civil Rights. This reduction would significantly hamper the Department's ability to enforce laws that prohibit discrimination in Federally operated or assisted transportation programs. We also urge the Senate to provide the President's requested \$62 million for the Office of the Secretary and to delete the Committee's recommended new account structure and limitation on political appointees. These changes are necessary to avoid a reduction-in-force and to allow the Secretary to manage the department effectively.

Earmarks

The Committee has earmarked almost 400 transit projects, as well as many airport, Intelligent Transportation System (ITS) and rail, and infrastructure credit projects. Consistent with our objections to TEA-21, the Administration believes that projects should be funded based upon their merit and that funds should not be directed to low-priority projects that cannot meet established selection criteria.

Language Provisions

Section 322 would preclude the Department of Transportation from using project labor agreements (PLAs), which are a contract mechanism to achieve efficiencies in construction projects. Furthermore, the provision is ambiguous, making its full impact difficult to assess and raising questions as to its applicability to a host of laws and regulations affecting workers. As noted above, the Secretary of Transportation would recommend that the President **veto** this bill if it includes section 322.

The Administration strongly opposes section 342 of the bill, which would allow helicopters to operate and land on Federally-owned lands in Alaska, including wilderness areas. This would be harmful to species and habitat and disrupt Congress' carefully crafted balance on this issue in the Alaska National Interest Land Conservation Act (ANILCA). Under ANILCA, helicopter landings are permitted for emergency reasons and, on a case-by-case basis, for non-emergency use in non-wilderness areas. The Secretaries of the Interior and Agriculture have previously recommended that bills containing similar provisions be **vetoed**.

The Administration requests that the Senate delete the provisions in both the Coast Guard and FAA operating expenses appropriations language that would prohibit the Coast Guard and the FAA from evaluating options for collecting fees for their services. User fees may be a critical means in the future for ensuring that the Coast Guard and the FAA have adequate resources to meet their operating and capital needs without significantly reducing other vital transportation programs.

The Administration requests that the Senate delete the provision allowing states to establish separate standards for licensing drivers on commercial vehicles that do not cross state boundaries. This would seriously undermine the single-license concept of the

national commercial driver's license which prevents drivers from spreading violations across multiple licenses held in several States.

July 28, 1998
(Senate)

S. 2312 - TREASURY AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1999
(Sponsors: Stevens (R), Alaska; Campbell (R), Colorado)

This Statement of Administration Policy provides the Administration's views on S. 2312, the Treasury and General Government Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate the President's priorities within the 302(b) allocation. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually agreeable mandatory and other offsets that would be used to increase high priority discretionary programs, including those funded by this bill. In addition, we hope that the Senate will reduce funding for lower priority and unrequested discretionary programs.

Below is a discussion of our specific concerns with the Committee-reported bill. We look forward to working with the Senate to resolve these concerns as the bill moves forward.

Year 2000 Computer Conversion

In the FY 1999 Budget, the President requested more than \$1 billion for Year 2000 (Y2K) computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. It is essential to make Y2K funding available quickly and flexibly as new needs arise. The Administration appreciates the Committee's action to provide \$3.25 billion in contingent emergency funding for this purpose. We urge Congress to leave as much as possible of the reserve unallocated so that funds are available to address emerging needs.

Obligation Delays

The Administration strongly objects to language in the Senate Committee bill that would impose \$592 million in obligation delays on Treasury programs. These provisions would prevent expenditure of funds before September 30, 1999, effectively reducing program levels for FY 1999 and seriously hindering Treasury program operations. For example:

For the IRS, the obligation delay of \$175 million for Tax Law Enforcement would result in a six-percent reduction in personnel and a loss of substantial tax collections. The \$69 million obligation delay for Information Systems would effectively halt IRS'

modernization efforts until the following fiscal year, jeopardizing efforts to refocus the IRS on providing good customer service for taxpayers.

For Treasury Enforcement, the obligation delay of \$28 million for Customs' Salaries and Expenses would hinder Customs' efforts to combat drug smuggling across the southern tier of the United States and to detect shifts in trafficking patterns, and would inhibit maintenance of essential equipment. The \$23 million obligation delay against Customs' Operations and Maintenance, Air and Marine Interdiction Programs account would lead to a reduction in interdiction flight hours, cripple essential maintenance for air and marine fleets, and result in a deterioration of air and marine fleet assets. The \$14 million in obligation delays for the Secret Service would cause unacceptable risks to Presidential safety.

Internal Revenue Service

The Administration appreciates congressional support for IRS information technology investments. However, the Administration urges the Senate to adopt the \$210 million for modernized information systems provided in the House bill.

U.S. Customs Service

The Administration is concerned about the funding level for Customs' Automated Commercial Environment (ACE). Without major revisions to the existing system, Customs cannot keep up with increasing trade volumes nor can it be responsive to the requirements stated in the 1993 Modernization Act and the needs articulated by industry. The Committee has funded only \$8 million of the requested \$56 million level, and has imposed an obligation delay against the \$8 million provided, which would cause the modernization effort to come to a halt. To accommodate the full amount requested, the Administration has proposed funding the majority of ACE requirements through a user fee paid by those who stand to benefit most from this system, the trade community.

Bureau of Alcohol, Tobacco and Firearms (ATF)

The Administration appreciates the efforts of the Committee to fully fund the President's Youth Crime Gun Interdiction Initiative. This initiative is an important part of the Administration's overall strategy to curb youth gun violence.

The Administration requests reconsideration of funding for the Violent Crime Coordinator initiative, as the U.S. Attorneys have requested additional ATF support for bringing cases involving violent criminals to the Department of Justice for prosecution.

We are concerned about the Committee's lack of support for ATF headquarters relocation.

U.S. Secret Service

The Administration is concerned that by redirecting \$13 million to Secret Service travel costs, the Committee has effectively undermined other Secret Service funding needs, resulting in a probable deterioration of critical equipment and an undermining of the Service staffing needed to provide for the protection of the President and foreign dignitaries.

Law Enforcement Vehicles

The Administration objects to the elimination of funding for Treasury law enforcement vehicle replacement. Replacement funds are critical from a public safety perspective, as aging vehicles present an inordinate risk to the lives of both Treasury personnel and the public.

Federal Law Enforcement Training Center

The Administration urges the Senate to adopt the funding level for the Federal Law Enforcement Training Center (FLETC) proposed by the President. In particular, the Committee makes no provisions for funding of a dormitory for FLETC's Glynco campus. This dormitory is needed to help FLETC absorb the increased law enforcement training needs of the Immigration and Naturalization Service and the Bureau of Indian Affairs.

Unanticipated Needs

The Committee bill fails to provide the requested \$1 million to enable the President to meet unanticipated needs in furtherance of the national interest, security, or defense. The Administration urges the Senate to include this amount to ensure that the President has the same ability to meet such needs as previous Presidents have had.

Pay Raise for Federal Judges and Senior Executives

The Administration is disappointed that the bill includes a proposal to eliminate the 1999 pay raise for Federal judges and employees paid under the Executive Schedule. Failure to provide pay raises for senior executives is eroding the value of their pay and causing severe pay compression in the executive ranks. Pay adjustments have been made for such individuals only once in the last five years. If continued, this failure will affect the Government's ability to attract and retain the executive talent that it needs. We urge the House to restore the pay raise for Federal judges and employees paid under the Executive Schedule.

Office of National Drug Control Policy (ONDCP)

The Administration appreciates the support the Committee has provided for drug control efforts in general, and for ONDCP in particular. The Administration encourages the Senate to provide the full amount requested for ONDCP's Special Forfeiture Fund, especially the national youth anti-drug media campaign. The Senate could fully fund the budget request for the media campaign by reducing amounts earmarked by the

Committee for unrequested ONDCP programs. The Administration opposes bill language that would bar funding for: new ads, Internet programming, joint efforts with the entertainment industry, partnerships with community and other organizations, and evaluation of the effectiveness of the media campaign. Unless the Senate rectifies these problems, our efforts to meet the targets established in ONDCP's performance measures would be negatively affected.

Federal Buildings Fund

The Administration is pleased that the Committee has provided \$14 million for the design of a new Department of Transportation Headquarters. Providing for a Government-owned building would save taxpayers approximately \$190 million, in present value terms, compared to the cost of entering into a lease.

The Committee bill would delay the availability of funding until September 30, 1999, for the repair and alterations program (\$324 million), rental of space program (\$52 million), and building operations program (\$31 million). The Administration is concerned that a delay in obligations would essentially eliminate the FY 1999 basic repairs and alterations program, which provides for emergency repairs and ensures the operational continuity of facilities.

The Administration is also concerned that the Committee bill provides over \$500 million for 15 unrequested Federal courthouse construction projects.

Morris K. Udall Foundation

The Administration is concerned about the lack of funding for the Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation, particularly the lack of funding for the U.S. Institute for Environmental Conflict Resolution, as authorized in PL 105-156. The Administration believes that the Institute would provide valuable assessment, mediation, and training services to Federal agencies to resolve environmental disputes, thus reducing expenses due to lengthy litigation costs.

Federal Election Commission

The Administration urges the Senate to fully fund the Federal Election Commission (FEC) at the level requested by the President and provided by the House, \$36.5 million.

Paperwork Reduction Act and Congressional Review Act

The Administration shares the Committee's interest in improving the implementation of the Congressional Review Act and the Paperwork Reduction Act. However, we have concerns with several provisions of the Committee bill. We would like to work with the Committee to resolve these outstanding issues.

Language Provisions

The Administration strongly objects to section 117 of the Committee bill. This provision would undermine the authority of the President to use assets of countries under economic sanctions pursuant to the Trading with the Enemy Act or the International Economic Powers Act as leverage when economic sanctions are used to modify the behavior of a foreign state, or are used in negotiations with that state in an effort to normalize relations.

The Administration objects to language tying obligation of funds for Customs automation modernization improvements to GAO certification to Congress that measures have been established "to enforce compliance with the architecture." The Administration has no control over the nature or timing of any prospective GAO review and certification.

The Administration is concerned that section 115 of the Treasury General Provisions could limit the Secretary's discretion in determining how best to stimulate increased electronic tax filing, which reduces IRS errors, permits more timely refunds to taxpayers, and lowers IRS tax processing costs.

The Administration supports the Joint Financial Management Improvement Program and urges the Senate to include language in Title VI that was included in the House Committee-reported version of the bill that would provide up to \$3 million from Government-wide credit card rebates in support of that program.

There are several provisions in the bill that purport to require congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in *INS vs. Chadha*.

Federal Employees Health Benefits Program

The Administration would strongly oppose any amendment to the bill that would restrict Federal Employees Health Benefits Program (FEHBP) coverage for abortions except in situations where the life of the mother is endangered or the pregnancy is the result of rape or incest. While the President believes that abortion should be safe, legal, and rare, Federal employees and their families should not be precluded from choosing to purchase health insurance policies with broader coverage.

The Administration would support an amendment that requires coverage of prescription contraceptives by health plans participating in the Federal Employees Health Benefits Program (FEHBP). We support improvements in basic health care coverage for women and the goal of the amendment -- to reduce unwanted pregnancies and the need for abortions. Any such amendment should give authority to the Office of Personnel Management to waive the requirement for plans that are sponsored by organizations whose religious or conscientious beliefs do not support artificial methods of contraception.

Potential Objectionable Amendments

It is our understanding that a number of objectionable and extraneous amendments may be offered, such as an amendment to repeal the current tax code effective December 31, 2002. The Administration strongly urges the Senate to oppose such amendments so that an acceptable bill can be sent to the President. If the tax repeal provision was presented to the President, the Secretary of Treasury has stated that he would recommend **veto** of the bill. If further objectionable and extraneous amendments are offered, we will provide additional views.

With regard to the amendment that would terminate the tax code, it would be irresponsible for Congress to enact legislation to terminate the tax code without having already provided a reform plan to replace it. Many families, for example, would refrain from buying homes because of the uncertain tax treatment of mortgage interest and property taxes (as well as other State and local taxes). Many businesses would hire fewer workers and make fewer capital investments because of uncertainties in how taxes would affect the return on productive assets. Furthermore, the uncertainty of the size of future receipts would raise the specter of increased Federal deficits, which in turn would raise interest rates and weaken or destroy economic growth.

September 1, 1998
(Senate)

S. 2334 - FOREIGN OPERATIONS, EXPORT
FINANCING, AND RELATED PROGRAMS
APPROPRIATIONS BILL, FY 1999
(Sponsors: Stevens (R), Alaska; McConnell (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on S. 2334, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate many of the President's priorities within the limited 302(b) allocation available, and commends the Committee for its support of key funding priorities such as the International Monetary Fund (IMF). However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a number of key programs are seriously under-funded. To have an effective foreign policy, a strong national security policy, and to promote continued economic prosperity, it is essential that additional resources be made available to the Subcommittee. In addition, there are a number of objectionable restrictions on funding in the bill and a significant number of earmarks that, combined with the reduced funding level, would seriously limit the Administration's ability to conduct foreign policy. For these reasons, if the bill were presented to the President in its current form, the President's senior advisers would recommend that he **veto** the bill. We hope to reach consensus on these issues as the bill moves forward.

This legislation is a critical element of America's national security budget. At the dawn of a new century, America faces unique challenges and unprecedented opportunities to strengthen our national security, enhance our global leadership, extend the reach of our democratic values, and deepen our own prosperity. The challenges we face are formidable. If this bill in its current form were to become law, however, it would erode our ability to promote critical American interests at home and abroad effectively. The responsibility of safeguarding our national security and exercising U.S. leadership cannot be secured within the resources available to the Subcommittee. We urge the Congress to provide the resources needed to keep America safe, strong, and prosperous.

The only way to achieve the appropriate investment level for the programs funded through this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. We want to work with the Congress on mutually-agreeable

mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill.

International Monetary Fund

The Administration welcomes and commends the Committee's efforts to provide funding for both the International Monetary Fund's (IMF's) New Arrangements to Borrow and quota increase. The Administration believes that the immediate approval of these requests is necessary to provide the IMF with the resources it needs to protect the international financial system -- and therefore the U.S. economy -- against the risk of new, escalating, or spreading crises. As recent events, including the new stabilization program for Russia, clearly demonstrate, the IMF's need for additional resources grows more urgent by the day.

The Administration is concerned, however, with some of the provisions of the Committee-reported bill as currently drafted. The Administration is in agreement with many of the underlying objectives as policies that the United States should vigorously promote at the IMF and looks forward to working with the Congress to address these issues in a manner consistent with our goals.

New Independent States

As recent events have indicated, the incomplete peaceful transition of the New Independent States (NIS) to stable, market-based democracies is vital to the U.S. national security. The Congress has shared this view and provided considerable support for this program in the past. The current political/economic situation in Russia highlights how great the stakes are for the United States to continue to help Russia achieve this peaceful transformation. The enormous economic potential of the Caspian Basin represents great opportunities to advance our mutual goals. The Administration commends the Committee for providing resources above the House level. However, the cuts embodied in the Committee's funding level for USAID assistance programs to the NIS would result in a funding level that is \$30 million below the FY 1998 level and \$185 million below the request.

These cuts would make it extremely difficult to push for market reforms and support democratic forces across the region. Further, the prohibition on all assistance to Russia -- not just the government -- pending certification of termination of all nuclear reactor and ballistic missile technology cooperation with Iran, is so rigid as to impede the Administration's ability to ensure that termination. This would hold programs designed to foster the private sector across Russia hostage to Government policy in Moscow. In addition, the numerous country earmarks would make it more difficult for the Administration to shift assistance to take advantage of new opportunities such as the election of reform-minded governments, peace agreements settling ethnic disputes, or helping leverage reforms by coordination of our assistance with international financial institutions. The Administration strongly favors repeal of continued restrictions on U.S.

assistance to Azerbaijan. These restrictions operate as a disincentive to securing peace in the Caucasus, and they do not serve U.S. national interests.

Middle East Assistance

The Administration welcomes the efforts of the Committee to work with us in encouraging changes in traditional levels of assistance to countries in the Middle East. We believe that Israel's initiative to reduce Economic Support Fund (ESF) assistance provides an important basis on which to build future assistance programs that meet our needs in the Middle East and beyond. However, due to the very constrained funding levels for international affairs programs, the Administration has proposed an accelerated approach to the reduction of Israel's ESF. We would encourage the Senate to give strong consideration to such an approach as the bill proceeds through the process.

We are very concerned about the deletion of current authority to allow the Palestine Liberation Organization (PLO) to maintain an office in Washington, D.C. This would severely undermine our ability to facilitate dialogue between Israel and the Palestinians at what is an extremely sensitive juncture of the peace process.

Export-Import Bank

The Administration appreciates the Committee's effort to increase the funding for the Export-Import Bank (Ex-Im Bank) substantially. The funding increase represents a vote of confidence in the Bank's mission to sustain U.S. jobs and exports that would not otherwise go forward. However, the bill falls short of the level needed to meet anticipated U.S. exporter demand in FY 1999.

The Administration is concerned with the language prohibiting disbursements of Ex-Im Bank credits to programs or enterprises that are majority owned or managed by State entities. The Administration wants to promote private sector development in Russia and other NIS countries. The Administration shares the Committee's goal of supporting private sector businesses in the region and would like to work with the Committee to develop responses to the difficult issue of how to work with governments in the transition period from command to free markets. However, the proposed language would imperil almost \$4 billion in U.S. exports tied to current and probable transactions, provoking substantial litigation and undermining the credibility of Ex-Im Bank's financing support for U.S. exporters.

The Administration is strongly opposed to an amendment that may be offered that would require the Ex-Im Bank to approve transactions that did not conform to its environmental guidelines if a foreign government offered -- or indicated -- support for the transaction. This "least common-denominator" amendment could effectively eliminate the guidelines, as virtually every case involving the guidelines is potentially subject to foreign competition. Both in the G-8 and the Organization for Economic Cooperation and Development (OECD), the United States has made real progress in getting other countries to take a serious look at the impact of export credit financing on the

environment. If the Ex-Im Bank's environmental guidelines are eliminated due to this amendment, the United States' leadership and credibility on these issues would be significantly threatened and progress on these issues would be substantially hindered.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)

The Administration is concerned with the \$46 million, or 21 percent, cut to the \$216 million request for NADR, but greatly appreciates the Committee's support for the Korean Peninsula Energy Development Organization. Unfortunately, the NADR reduction undermines the multi-prong effort that NADR supports to reduce the proliferation threat to U.S. national and global security. Lack of funding for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission would harm U.S. national security interests as it would eviscerate planned improvements in our ability to monitor nuclear testing worldwide. The recent Indian and Pakistani tests are a stark reminder of the importance of this monitoring. As well, we would be forced to reduce support for demining efforts, NIS science centers, and other related activities. The Commission and its International Monitoring System should be funded, regardless of ratification of the CTBT.

Global Environment Facility

The Administration is concerned with the refusal of the Committee to fully fund the request for the Global Environment Facility (GEF), which is helping to reduce long-term environmental risks that will affect all Americans. The full \$300 million request for GEF (of which \$192.5 million is for arrears) is needed to assure that GEF does not run out of resources in FY 1999. Concerns that funding GEF would prejudice debate on the Kyoto Climate Protocol are misplaced: the new replenishment agreement is funded at the same level as the prior one, and GEF will continue with precisely the same broad work program that it had prior to Kyoto. The GEF is among the best vehicles that the U.S. has to encourage developing countries to shoulder greater responsibility for protecting both the local and global environment. Under the terms of the bipartisan Balanced Budget Act, the Senate can fully fund the arrearage request without making reductions to other programs funded in the bill. It is manifestly in our interests to clear our arrears and keep GEF running, and the Administration strongly urges the Senate to restore funding for this critical program.

Economic Support Fund

The Administration is concerned with the overall funding level for the Economic Support Fund (ESF). At the Committee mark, the Fund would be cut by 50 percent of the funds necessary to support economic and political stability in Latin America, as well as other emerging democracies in Africa and Asia. We strongly encourage the Senate to support a higher funding level for the ESF as the bill moves forward.

Excessive conditions on aid to Haiti, even with a national security waiver, would undercut our efforts to achieve a democratic, self-sustaining Haiti with an honest, independent judiciary.

Peacekeeping Operations

The Committee has reduced the \$83 million request for Peacekeeping Operations (PKO) by 17 percent. PKO provides vital assistance and support for many important national security and foreign policy activities, including commitments in Bosnia and Haiti, conflicts in Africa, and potential trouble spots such as in the Balkans. This reduction would limit the President's ability to respond to these and other evolving events.

Central and Eastern Europe

The Administration appreciates the continued support of the Senate for our efforts to achieve a lasting peace in the Balkans. The assistance programs are essential to meet the goals of the Dayton agreement, including the ability of refugees and displaced persons to return to their homes, reintegration of multi-ethnic communities and institutions, and helping the citizens of the region decide their futures through free and fair elections. The 11-percent reduction to the request for assistance to Bosnia is of concern because it would reduce our ability to react to unforeseen problems or opportunities. This lack of flexibility could impair our ability to reach the goals outlined above and, in turn, would pose a potential problem in terms of reducing our troop levels, a goal shared by the Administration and the Congress. Finally, restrictions in the bill intended to prevent war criminals from benefitting from U.S. assistance, though well-intentioned, would prove extremely difficult to administer. We look forward to working with the Senate to make this language more workable.

Additional reductions in the assistance program for the rest of the region are problematic as well. These reductions come at a time when we are working to phase out assistance. FY 1999 is planned to be the last year for new funding in Lithuania, Poland, and Slovakia, and the year in which we planned to begin capitalizing a joint public-private partnership to help sustain democracy after U.S. bilateral assistance is phased out.

African Development Fund

The Administration is deeply concerned with the \$150 million cut to the request for the African Development Fund, which provides resources for the poorest countries in SubSaharan Africa, including the entire request to fund the annual commitment of \$67 million and \$83 million in arrears. Funding the request is necessary to support the reform measures underway for the past three years at the African Development Bank and Fund. The Administration strongly urges the Senate to restore funding for this critical program.

Community Adjustment and Investment Program

The Administration is very concerned with the Committee's failure to fund the Community Adjustment and Investment Program (CAIP), a program initially funded through the North American Development Bank, a multilateral development bank. The CAIP was established to help communities affected by adverse trade patterns associated with implementation of the North American Free Trade Agreement. To date, the program has assisted in more than 120 loans in 20 States, leveraging private sector financing of over \$70 million. The \$37 million requested would significantly bolster CAIP's ability to continue this work, as well as to support technical assistance, grants, and micro-lending. The Administration strongly urges the Senate to restore funding for this innovative program.

Asian Development Fund

The Administration appreciates the Committee's support for the Asian Development Fund, reflected in the \$187 million funding of arrears. Nevertheless, the Committee's mark excludes the \$100 million request to fund our annual commitment to the Asian Development Fund; thus, it would result in substantial net new arrears to the Fund. The Administration is committed to clearing up current arrears and to avoiding the creation of new arrears. The Asia Development Fund has played an important role in addressing the Asian economic crisis. The Administration strongly urges the Senate to fund the Administration's request of \$150 million towards arrears and \$100 million towards the annual commitment.

Peace Corps

The Administration is deeply concerned with the \$49 million cut to the request for the Peace Corps. This reduction, to a level \$5 million below the FY 1998 funding level, would not only preclude the Peace Corps initiative to fund 10,000 volunteers by the year 2000, but would require the Peace Corps to reduce costs equivalent to closing six country programs and reducing the number of volunteers by 500. The Administration strongly encourages the Senate to support a higher funding level for the Peace Corps.

Treasury Debt Restructuring

The \$25 million funding level for international debt restructuring is inadequate to finance anticipated debt restructuring for some of the poorest countries in FY 1999, especially debt relief proposed under the President's new Africa Initiative. The Administration's \$72 million request was made on the basis of debt reduction anticipated for up to 14 countries to receive debt relief through the Paris Club group of official creditors or through the Africa Initiative's bilateral concessional debt reduction component. If this \$25 million funding level were enacted, the Administration would be unable to provide debt relief to a number of sub-Saharan African countries likely to be eligible under the Africa Initiative.

U.S. Agency for International Development (USAID) Development Assistance

While the Administration appreciates the Committee's provision (after permitted transfers) of an amount for USAID Development Assistance very close to the President's request, we are concerned about the multitude of earmarks, which would make it difficult to fully fund the shared assistance priorities of the President and Congress in regions such as Africa and Latin America. In particular, while the Administration is committed to helping Indonesia through its current economic crisis, we are concerned that the Committee's earmark for Indonesia, by reducing the President's flexibility, may actually impede our efforts to respond most effectively to the changing nature of the Asian economic crisis. The Administration is concerned about new onerous language related to climate change, including additional procedural requirements and the omission of existing language that provides "notwithstanding" authority for activities intended to reduce global greenhouse gas emissions.

International Narcotics Control

The Administration is deeply concerned about the \$53 million reduction to the \$275 million request for International Narcotics Control. Such a reduction would negatively impact country programs, especially in the Andean region, that are aimed at reducing the supply of cocaine. The reduction would force the redirection of available resources to cocaine producing countries at the expense of heroin reduction efforts in Southeast Asia.

International Organizations and Programs

The Committee bill reduces the request for International Organizations and Programs by \$44 million, which would limit significantly U.S. ability to participate and support a number of international organizations, particularly those involved with global environmental activities.

U.S. Agency for International Development (USAID) Operating Expenses

The Administration appreciates the Committee's effort to provide a small increase above the FY 1998 enacted level for USAID Operating Expenses. However, we are concerned that this level will not allow USAID to complete the Year 2000 conversion and implement other necessary management improvements while implementing the President's initiatives in Africa and Latin America and effectively managing its ongoing programs, including congressional priorities in areas such as infectious diseases and child survival. Therefore, we urge the Senate to provide additional funding for USAID Operating Expenses.

U.S. Agency for International Development (USAID) Operating Expenses: Inspector General

The Administration appreciates the Committee's effort to provide a small increase above the FY 1998 enacted level for Operating Expenses for the Office of the USAID Inspector General. However, we are concerned that this level will not provide sufficient funding to allow the Inspector General to carry out fully his increased audit responsibilities under

the GPRA and GMRA while also responding to the increased costs of providing security for USAID in the Ronald Reagan Building. Therefore, we urge the Senate to provide additional funding for the USAID Inspector General.

U.S. Agency for International Development (USAID) Credit Programs

The Administration is concerned that the Committee has reduced the requested subsidy amount for the Urban Environment (UE) credit program and has not provided transfer authority for USAID's Development Credit Authority (DCA). As the Congress and the Administration agreed in the FY 1998 appropriations legislation, USAID has taken substantial steps towards developing the capacity to manage both its existing and future credit portfolios. We urge the Senate to restore the transfer authority for the DCA and increase funding for the UE program. Failure to do so would limit the ability of USAID to use credit to promote development in urban areas and to encourage the development of needed private sector financial mechanisms.

Overseas Private Investment Corporation

The Administration is pleased the Committee has provided full program funding for the Overseas Private Investment Corporation (OPIC). However, we are concerned with the provision of the bill that would withhold one-half of the agency's administrative budget. The Administration is working closely with the Committee to resolve any outstanding issues and notes that withholding funds would impede the agency's efforts to support American business and promote U.S. foreign policy.

African Development Foundation

The Committee has reduced the \$14 million request for the African Development Foundation (ADF) by 43 percent. Through its grants program, ADF supports community-based, self-help initiatives in Africa. This reduction would severely limit the ability of the Foundation to respond to the development needs at the grassroots level in Africa. The Administration urges the Senate to fund this program at the requested level.

Year 2000 Conversion

The need to conform with Year 2000 (Y2K) conversion requirements mandates the additional investments in information technology and credit management that are included in the requests for USAID Operating Expenses, Peace Corps, and the other agencies funded in this bill. It is essential to make Y2K funding available quickly and flexibly. We appreciate the action of the Senate Appropriations Committee to provide an emergency fund in the Treasury/General Government bill for such purposes. We urge Congress to leave as much as possible of the reserve unallocated so that funds are available to address emerging needs.